

Reagan Presses for Contra Aid

NEW YORK — President Ronald Reagan, staking out a tough position before the Iran-contra hearings begin in Congress, said Sunday that cutting off aid to the rebels in Nicaragua would give the Soviet Union a free hand in Central America and "one of their greatest foreign policy victories since World War II."

cause unnecessary suffering in Nicaragua, shake the confidence of the emerging democracies in the region and endanger our own security. Mr. Reagan's remarks appeared to be an effort to raise the stakes in the battle over aid for the contras, who are trying to oust the leftist Sandinista government.

signs that Congress has become increasingly skeptical about sending money to the contras. Arguing that the United States has had a bipartisan consensus on foreign policy for 40 years, Mr. Reagan said, "This is no time for either party to turn its back on that tradition or on the cause of freedom, especially when the threat to both is so close to home."

described as a change in tone. Mr. Reagan tied the contras' cause to the restoration of democracy in Nicaragua and promised "full support" for any diplomatic efforts that achieve that end "without further bloodshed."

Iran-Contra Hearings: A Test Nears for President, Congress

By Dan Morgan and Walter Pincus Washington Post Service WASHINGTON — When Senator Daniel K. Inouye pounds his gavel Tuesday in the Senate Caucus Room to open what could be the most significant three months of televised congressional hearings since the Watergate scandal that toppled Richard M. Nixon, a new test will begin for President Ronald Reagan, his administration and Congress.

show there is tremendous conflict that may never be resolved satisfactorily. Everyone will have to decide who is telling the truth. The stakes for the president are enormous. Wounded by the loss of the Republican Senate majority in the 1986 elections, his political standing could collapse if it turns out, after his many denials, that he knew of or approved illegal actions by his aides.

obvious than where the money went; less obvious, but perhaps more profound in what they reveal about the Reagan administration. Was what happened a matter of bad judgment, sloppiness and bad communication? Or did the president and a few trusted advisers operate in a calculated manner outside the law and their own regulations to carry out policies that circumvented Congress and internal administration critics?

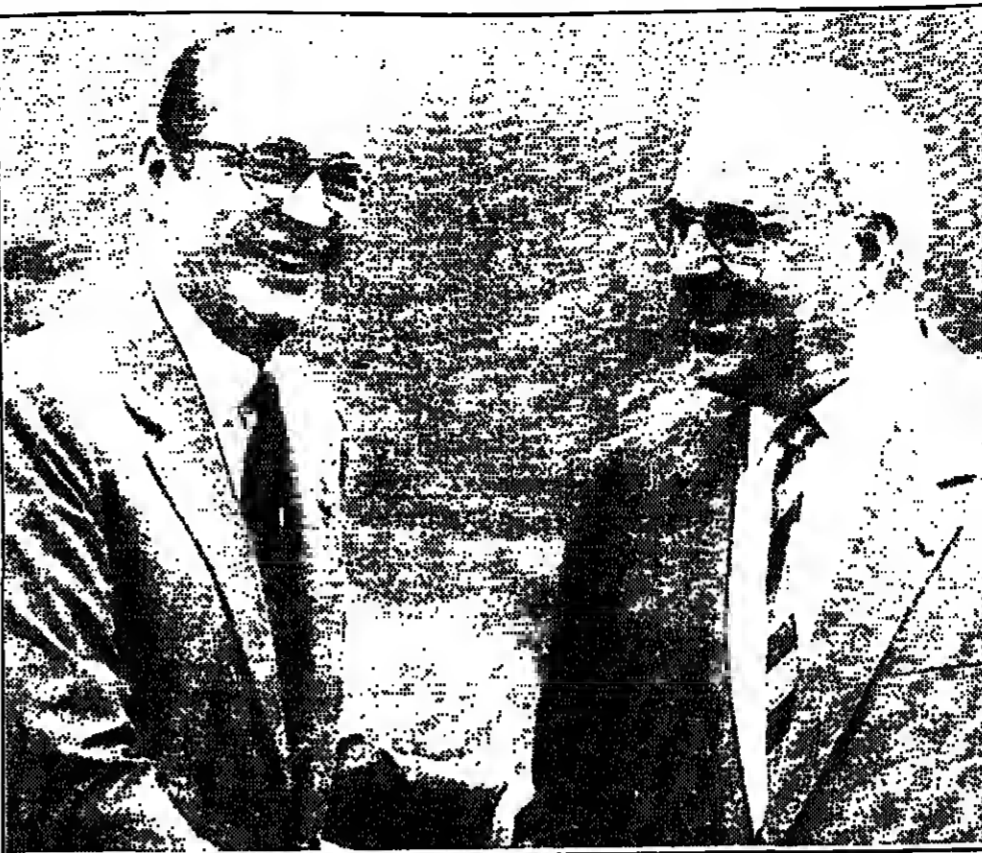
Administration officials said the emphasis on denials — a challenge issued before by the administration — reflected an attempt to refocus the contra aid debate while holding to Mr. Reagan's fundamental policy in Central America. "It explains the objectives of our policy," said one official. "Whether it satisfies those who object to that policy remains to be seen."

As in the Watergate hearings 14 years ago, the most publicized questions center on the president's knowledge and his actions. Did Mr. Reagan know about the diversion of funds from secret sales of arms to the Nicaraguan rebels, known as contras? Did he know about White House coordination of possibly illegal military aid to the contras after Congress prohibited such assistance in 1984?

On the other hand, his administration could revive if the hearings only repeat what is already known. Congress is also on trial. For four months, select committees of the Senate and House of Representatives have been investigating the affair. Unlike Watergate, it involves key national security institutions and some of the most sensitive foreign policy operations.

Even so, Mr. Reagan said, "I will lend my full support to any negotiations that can build democracy throughout Central America without further bloodshed." Expressing qualified support for a Costa Rican plan for a peaceful settlement in Nicaragua, Mr. Reagan said: "It is essential that any cease-fire be negotiated with the full range of the opposition. It is our profound hope that a Central American consensus can be reached soon, and that a process leading toward freedom in Nicaragua go forward."

He said his administration's commitment to the contras "will not change unless the regime in Nicaragua accedes to the democratic aspirations of the Nicaraguan people." (AP, UPI)



The French prime minister, Jacques Chirac, left, with Chancellor Helmut Kohl of West Germany as they prepared Sunday for talks in Strasbourg on the Soviet missile offer.

Allied Delay On Arms

Kohl, Chirac Ask More Talks On Soviet Offer

STRASBOURG, France — West Germany and France said Sunday that more talks with other European allies were needed before they could reach a position on the latest Soviet offer to reduce the number of nuclear missiles in Europe.

Canada Says 10 Nuclear Submarines Are Needed to Enforce Claim in Arctic

By John F. Burns New York Times Service TORONTO — The Canadian government has concluded that it needs as many as 10 nuclear-powered submarines to enforce its claim to sovereignty in Arctic waters.

which snakes more than a thousand miles (1,600 kilometers) through Canada's Arctic islands, constitutes Canadian internal waters. Washington has been reluctant to recognize the Canadian claim for fear that it would set a precedent for other countries and that a future Canadian government might harp passage to the U.S. Navy.

The defense minister, Perrin Beatty, said in a telephone interview on Friday that no decision about the submarines could be announced until a military white paper is published in June. But he said that of all the choices available, nuclear submarines appeared to be the "only solution" that would be effective in defend-

Kiosk

Moscow Police Halt Art Exhibit

MOSCOW (AP) — The police beat and arrested eight participants in an informal outdoor art exhibit here Sunday, friends of the artists reported. One friend, Andrei Kravov, said the exhibit continued for about two and one-half hours before the police broke it up. The artwork, mostly landscapes and portraits, did not appear to have a political content.



Alysheba, who almost fell, won the Kentucky Derby race. Page 15.

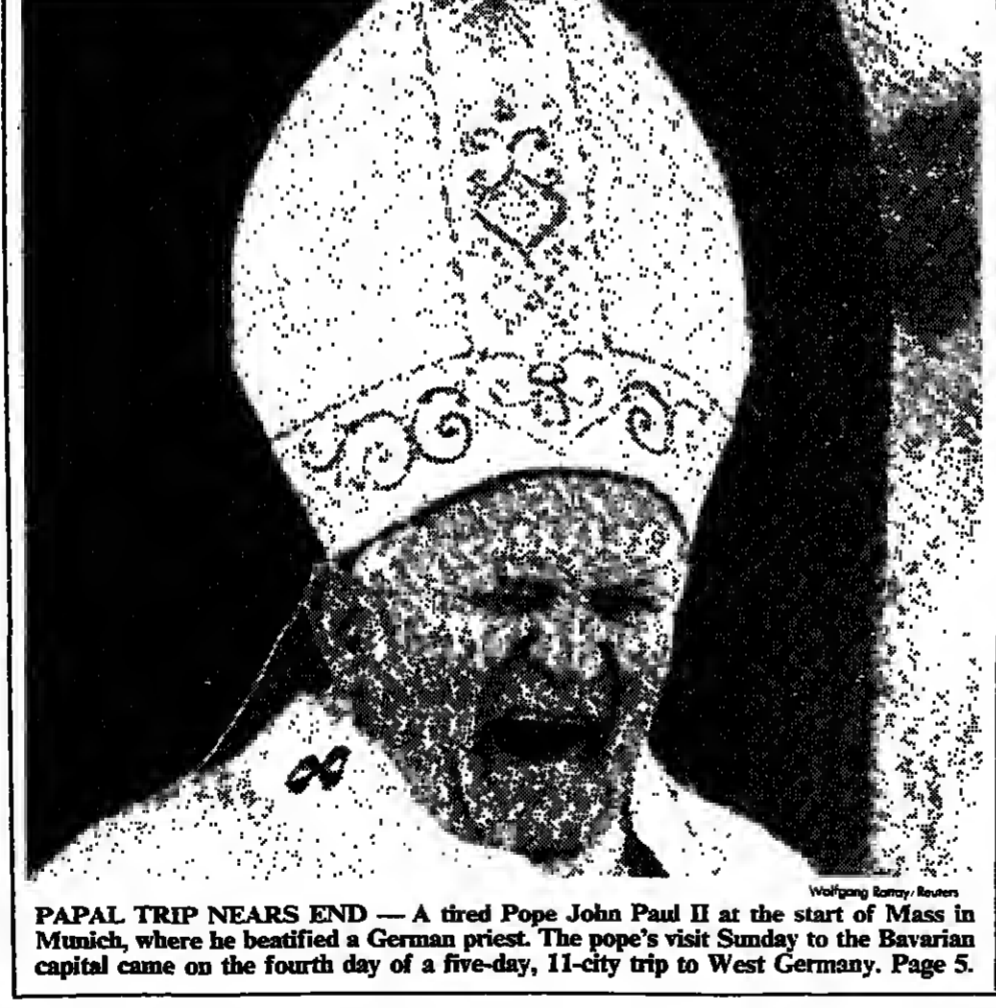
Nakasone, Reagan Hail Trade Talks

MAKENA, Hawaii — Prime Minister Yasuhiro Nakasone, en route back to Japan, said here this weekend that he was going "home satisfied" by the two days of trade talks with President Ronald Reagan and other top U.S. officials.

Mr. Nakasone said Saturday night. In Washington, Mr. Reagan said in his weekly radio broadcast, made Saturday during Mr. Nakasone's 11-hour flight to Hawaii, that "we are of one mind about avoiding protectionist steps on either side of the Pacific."

But, Mr. Reagan added, he hoped there would be evidence that would allow the United States to remove the 100 percent tariffs, amounting to \$300 million, on Japanese goods as soon as possible.

Mr. Nakasone, who was to arrive in Japan on Monday, received Mr. Reagan's assurances that the president would avoid protectionist measures, but no date on which the tariffs would be lifted. Commerce Secretary Malcolm Baldrige said he



PAPAL TRIP NEARS END — A tired Pope John Paul II at the start of Mass in Munich, where he beatified a German priest. The pope's visit Sunday to the Bavarian capital came on the fourth day of a five-day, 11-city trip to West Germany. Page 5.

The Death of a 12-Year-Old Bride

By Blaine Harden Washington Post Service KANO, Nigeria — Hauwa Abubakar, a village girl from northern Nigeria, was forced three years ago to marry a cattleman. She was 9 years old at the time. The cattleman, Malam Shehu Kiruwa, was old enough to be her father.

Child brides have been a part of Islamic life in northern Nigeria for a millennium. Poor families depend on — and sometimes borrow against — the \$200 to \$900 bride price that a father can expect for a daughter. Sheikh Abubakar Mahmud Gumi, Nigeria's most renowned koranic scholar, said last

for a ban on forced child marriages. "Every woman in this country felt cold shivers when she heard about this little girl," said Dr. Dorothy Anamahi, a physician in Lagos and a leader of a campaign by the Nigerian National Council of Women's Societies to stop child marriages. "We thought this sort of thing was no longer possible in our country."

Einstein Letters Reveal an Anguished Romance, Early Theories

By Walter Sullivan New York Times Service NEW YORK — The story of an anguished love affair between Albert Einstein and the woman who would later become his first wife has emerged in newly disclosed correspondence between them.

Yugoslavia, became friends in 1896 while studying together at the Federal Technical Institute in Zurich. In subsequent years they wrote frequently as Einstein's efforts to find work and Marie's visits home caused many separations.

instead was allowed to walk out a little into the universe." Science historians, such as Gerald Holton of Harvard University, regard Einstein's ability to "walk out into the universe" and think in pure abstractions as essential to his revolutionary discoveries. Particularly remarkable, Mr. Holton said in an interview, is the extent to which their interest in physics dominates the correspondence despite their personal difficulties.

GENERAL NEWS

In Iowa, some of the first big test of the 1988 presidential campaign, candidates are already hard at work. Kurt Waldheim, as UN secretary-general, favored the Arab side in the 1973 war, a former aide has charged. From Israeli Arab villages to refugee districts in the occupied Gaza Strip, Israel is seeing an Islamic revival. Page 2.

BUSINESS/FINANCE

The U.S. economy expanded in April, purchasing managers reported. Japanese financial institutions find themselves the target of protectionist fervor. Page 7.



WORLD BRIEFS

Arabs in Israel and Occupied Lands Turn Increasingly to Islam

By Thomas L. Friedman
New York Times Service
UMM AL-FAHIM, Israel — In this Israeli Arab village about an hour's drive north of Tel Aviv, Israeli Moslem fundamentalists recently erected bus stops with separate seating for men and women.

By the Iranian revolution led by Ayatollah Ruhollah Khomeini. But it is also a home-grown movement of Palestinian Moslems seeking strength to confront Israel by returning to the Islamic identities that once brought them grandeur.

among these Palestinian Moslems, it touches deep chords in the wider, secular Moslem population. Its leaders have the credibility and potential power to exercise disproportionate influence.

outside the municipal museum and led about 20 Israeli Arabs and Bedouins in prayer.
Until 1948 the Beersheba mosque was a Turkish-built mosque. Local Moslems have asked Sheikh Alami to help them get it back.



A new mosque in a remote village of western Galilee.

Norway Leader Calls Britain a Polluter

LONDON (Reuters) — Prime Minister Gro Harlem Brundtland of Norway accused Britain on Sunday of polluting its neighbors with acid rain. She said Britain was too slow to realize that something needed to be done.

Greens Elect a 'Radical' Leadership

DUISBURG, West Germany (Reuters) — West Germans who are members of the Greens party and favor an alliance with the opposition Social Democrats suffered a severe defeat Sunday when the party's congress voted a "radical" executive committee into power.

Ex-Afghan Leader Is Reported Jailed

BEIJING (AP) — The former Afghan leader, Babrak Karmal, has been arrested in Afghanistan and is in prison, the Xinhua news agency reported Sunday. In Moscow, an Afghan Embassy official said he did not believe the report was correct.



Babrak Karmal

Hong Kong Sets Limits on Press Bill

HONG KONG (Reuters) — Hong Kong has published guidelines for possible prosecution under a recently enacted bill that made publishing false news a criminal offense.

Libya Is Said To Ask Arms From China

WASHINGTON Post Service
WASHINGTON — Libya's leader, Colonel Moammar Gadhafi, has turned to China for weapons after the Soviet Union refused to send him additional arms, according to Reagan administration officials.

TRAVEL UPDATE

Venice Seeks to Curb Flood of Visitors

VENICE (Reuters) — City officials called an emergency meeting on Sunday to consider restricting the flood of tourists that has more than doubled Venice's normal population, stretched public transport to the limit and provoked complaints from residents.

Cruise Ship Passengers to Get Refunds

LONDON (AP) — All 1,200 passengers aboard the luxury liner Queen Elizabeth 2 have been offered a 40-percent cash refund on their fares, according to a spokesman for Cunard Lines, the British company that owns the vessel. The ship is scheduled to arrive Monday in New York.

This Week's Holidays

Banking hours and government services will be closed or curtailed in the following countries this week because of national and religious holidays:
MONDAY: Barbados, Britain, Israel, Japan, Romania.
TUESDAY: Japan, Mexico, South Korea, Thailand.
WEDNESDAY: Syria.
FRIDAY: France, Monaco, New Caledonia.
SATURDAY: Czechoslovakia, Soviet Union.

Khomeini in Good Health, Editor Reports

WASHINGTON — Ayatollah Ruhollah Khomeini appears to be in better health than Western intelligence officials generally believe, according to a magazine editor who saw the Iranian leader earlier this year.

Mideast Peace Effort: Progress, With Complications

By David K. Shipler
New York Times Service
WASHINGTON — Although intensive diplomatic efforts in recent weeks among Jordan, Israel and the United States have made some progress toward agreement on a format for an international peace conference on the Middle East, major differences remain on how the Palestinians would be represented and how much authority such a conference would have, according to U.S. officials.

Under this idea, the conference would include the five permanent members of the United Nations Security Council — the United States, the Soviet Union, China, France and Britain — as well as Israel, Arab countries and the Palestine Liberation Organization.

By some analyses, the recent conference of Palestinian factions in Algiers complicated the task of reaching an accord on Palestinian representation. The PLO formally joined an agreement with Jordan; to join in selecting Palestinians for a joint delegation. The agreement had already been renounced by Hussein.

King Hussein Is Said to Bring About Meeting of Syrian and Iraqi Leaders

By Glenn Frankel
Washington Post Service
JERUSALEM — King Hussein of Jordan convened a secret meeting last week between two of the Middle East's most implacable foes, the leaders of Syria and Iraq, according to Israeli sources.

which has had close military ties over the years with both Syria and Iraq but has been unable to end the enmity between them.
Yusef Olmert, an expert in Syrian affairs at Tel Aviv University's Dayan Center for Middle Eastern and African Studies, said that reliable Israeli sources gave him an account of the secret meeting first divulged to The Washington Post by other sources.

Kanaks Again Rebuff Libya

NOUMEA, New Caledonia — Leaders of the separatist Kanak Socialist National Liberation Front said Sunday that they had rejected Libyan aid in their effort to wrest New Caledonia's independence from France.

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Advertisement for LIDO, a night-club, featuring dinner, dance, champagne, and show.

Advertisement for UNIVERSITY DEGREE, offering degrees in various fields.

Advertisement for HOTEL ROTARY in Geneva.

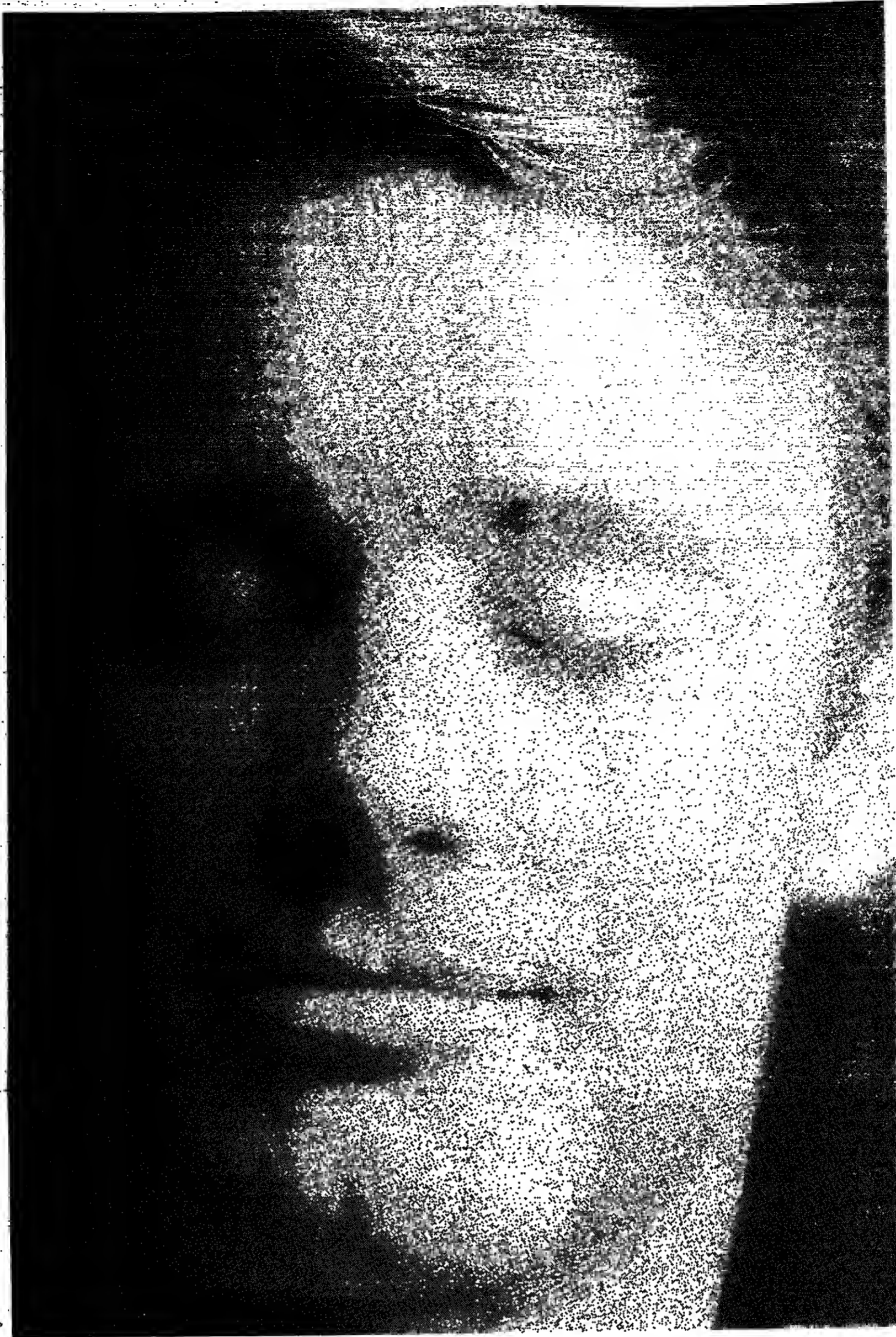
Advertisement for CONTINENTAL HOTEL in Zurich.

Advertisement for HOTEL COMMODORE in Lugano.

Cartoon strip titled 'DOONESBURY' with several panels of humor.

Handwritten signature or note at the bottom of the page.



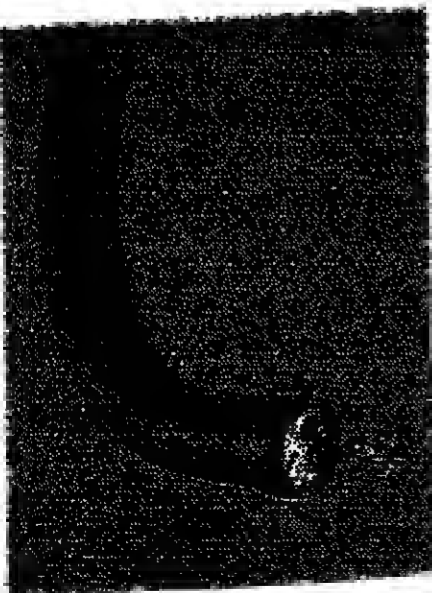


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# Campaigning for President, Iowa-Style

By E.J. Dionne Jr.  
New York Times Service

DES MOINES, Iowa — "Ruth, this is Congressman Gephardt calling. How are you? Hot? How are you doing on the farm? The hogs are helping a little, aren't they? So you're breaking even?"

This is campaigning for president of the United States, Iowa-style. Representative Richard A. Gephardt, a Democrat, is feet up on a desk, a telephone to his ear, looking down at the sheet of papers before him. They are "call request forms," a cross between intelligence reports and a who's who in Iowa Democratic politics.

Mr. Gephardt is talking to Ruth Bolie in Thompson, Iowa, and the call sheet tells him she is "close to Harlan and Marge Johnson" and "can organize if her heart is there."

The congressman mentions in passing that Harlan and Marge are in his camp and chats for 15 minutes about farming, the weather and Aunt Minnie down the road. Mr. Gephardt seeks no commitment but promises to see Ruth and her husband, Dave, soon.

Iowans, who will provide the first big test of the presidential campaign on Feb. 8, 1988, expect this sort of thing from candidates, and Mr. Gephardt is giving them more of it than almost anyone else.

But he is not alone. Every Republican and Democrat running for the White House knows that several candidacies will die in Iowa, at the hands of voters like Ruth Bolie and Marge Johnson, who in turn will give other candidacies a mighty push toward nomination.

For it is in Iowa, a place of farm

foreclosures and factory layoffs, that the process of weeding out a crowded presidential field will begin. Its caucuses start the long process of selecting state delegates to the national conventions. And for Democrats especially, the early test in Iowa is more important than usual.

This is partly because Governor

Every Republican and Democrat running for the White House knows that several candidacies will die in Iowa, at the hands of voters like Ruth Bolie, while others will get a mighty push toward nomination.

Michael S. Dukakis of Massachusetts is accorded something like favorite-son status in New Hampshire, which votes eight days after Iowa. And with as many as 20 states, most of them in the South, voting March 8 on what is being called Super Tuesday, the entire campaign has been speeded up. Iowa's voice will still be echoing while many of the national convention delegates are being chosen.

"Iowa owes a lot to Michael Dukakis and to the South," said Philip Roeder, the Iowa Democratic Party's communications director.

The party caucuses will afford Iowa an opportunity to air its discontent. There are few states where voters have more reason to be angry.

In a speech April 27, Dale Cochran, the Iowa secretary of agriculture, said that while the economy

was showing signs of turning around, the damage was great: The state has 9,000 fewer farms than it did in 1981 and 4,000 others are in or near bankruptcy.

More than a third of the state's dealers in farm implements have closed since 1980. At John Deere, the large employer and manufacturer of farm equipment, there are written thousands of notes. He has visited the Democratic sick in hospitals. He has aided Democrats in campaigns from the governorship to county sheriff.

It is a strategy that worked for Jimmy Carter in 1976, but supporters of Mr. Biden and Mr. Babbitt are skeptical that it will work again. And these candidacies have been very busy in Iowa too.

On the Republican side, the contest is shaping up as an old-fashioned showdown between Vice President George Bush and Bob Dole, the Senate minority leader. But the impact of the Iowa result could be diluted by early Republican contests in Michigan and South Dakota.

There could also be some Republican surprises. Former Governor Pierre S. du Pont 4th of Delaware, unannounced by public office or fame, can wander the state freely, running a variant of the Gephardt strategy.

What makes Iowa so difficult to predict is its arcane caucus procedure. There is no telling how many of the state's 1.6 million voters will show up in February to stand up for their candidate. As Penny Brown, the local coordinator for Representative Jack Kemp, Republican of New York, put it: "The average human being doesn't go to a caucus."

Democrats literally stand up for their candidates, and sometimes, if their numbers are small, have to merge with other candidate groups to win representation to subsequent conventions in the selection process. The Republicans have a straw poll, much closer to a primary, but voters still must go to caucus meetings to vote.

# Tambo Says U.S. Officials Ordered Aid To Contras

By Joel Brinkley  
New York Times Service

PHOENIX, Arizona — Lewis A. Tambo, who resigned as U.S. ambassador to Costa Rica in January amid reports that he and his staff had improperly assisted the Nicaraguan rebels, says all his actions were taken on specific orders from senior government officials in Washington.

"Now the people who gave us the orders are trying to paint us as running amok," said Mr. Tambo, a professor of history at Arizona State University, on Saturday in his first interview on the subject since leaving office. "It's insane."

Officials of the U.S. Central Intelligence Agency and the State Department repeatedly have denied having anything to do with the covert and apparently illegal program to aid the Nicaraguan rebels, known as contras, in 1985 and 1986. The Reagan administration has said the program was entirely directed by Lieutenant Colonel Oliver L. North, the former National Security Council aide.

Mr. Tambo said his orders came from the Restructured Interagency Group, an informal organization of U.S. government officials who helped set contra policy.

He said that many officials took part in some meetings of the group that the three key officers, who gave him his orders, were Colonel North; Alan D. Fiers, who helped make policy as head of the CIA Central American Task Force; and Elliott Abrams, the group's chairman. Mr. Abrams is the assistant secretary of state for inter-American affairs and was Mr. Tambo's immediate supervisor. Spokesmen for Mr. Abrams and the CIA denied the allegations.

During most of 1985 and 1986, federal law prohibited government involvement in military aid to the contras. In response to Mr. Tambo's statements, spokesmen for both the CIA and the State Department denied that the officials involved had acted improperly.

Mr. Tambo said that officials in Washington directed him and the CIA station chief in Costa Rica to give logistical help to the contras and to the Americans flying weapons and other supplies to the rebels. He said he never knew with certainty what was on the flight.

# AMERICAN TOPICS



"WITHOUT A MIRACLE . . . — With his wife, Tammy Faye, the Reverend Jim Bakker made his first public appearance since leaving the PTL television ministry March 19 in a sex scandal. He said in Palm Springs, California, that "without a miracle of God, we will never minister again," and said that PTL owed him millions in royalties.

# For Crime Victims, Rights but No Gifts

Thirty-three states permit crime victims or their next of kin to appear before parole boards, compared with only six in 1982, and 11 others permit written statements to be filed. But victims or relatives have to assert their rights. The New York Times reports.

"Crime victims are the forgotten people," said Paul Garland, a New York lawyer whose daughter was murdered in 1977. "We are kind of like lepers. People turn away from us."

A Fort Worth, Texas, woman who asked that her name not be used said that prison officials treated her shabbily while deferring to the family of the man who tried to murder her.

But Stephen Blankenship of the California parole board said, "The law has made the victim an important part of the process here."

No Kennedy family member has ever appeared when Sirhan B. Sirhan, who murdered Robert F. Kennedy in 1968, has been considered for parole, but the Los Angeles district attorney always sends a representative to oppose release, Mr. Blankenship said.

Doris Tate, mother of Sharon Tate, the actress who was murdered by followers of Charles Manson, always appears at his hearings to oppose his parole.

# Notes About People

Oliver Stone has written or directed such gory films as "Midnight Express," "Scarface," "Salvador" and "Platoon." He says that with his next film, "Wall Street," which concerns corporate raiders, he is phasing out of violence. The son of a stockbroker, Mr. Stone, 40, dropped out of Yale University to volunteer for the infantry in Vietnam and was wounded twice. He told The New York Times that Wall Street has its own brutalities, but that "there's no question that 'Platoon' is the end of the blood cycle." He added, "I think I got everything I had to get out of me on that."

Peter O'Toole has made his Broadway debut at age 54 in George Bernard Shaw's "Pygmalion," with Amanda Plummer and John Mills. The production, from its star-studded cast to its "elaborate" slightly tart scenery, says The New York Times, defines the West End midweek matinee. This is theater to sip Earl Grey tea by.

No one can accuse Jane Wollberger of capitalizing on the position of her husband, Defense Secretary Caspar W. Weinberger. The note on the dust jacket of her new book on fund raising, "Please Buy My Violets," says that "she spends part of each year in Washington, where her husband works with the government."

— ARTHUR HIGBEE

# U.S., Allies Bolster Bases In Atlantic

By David Fouquet  
Washington Post Service

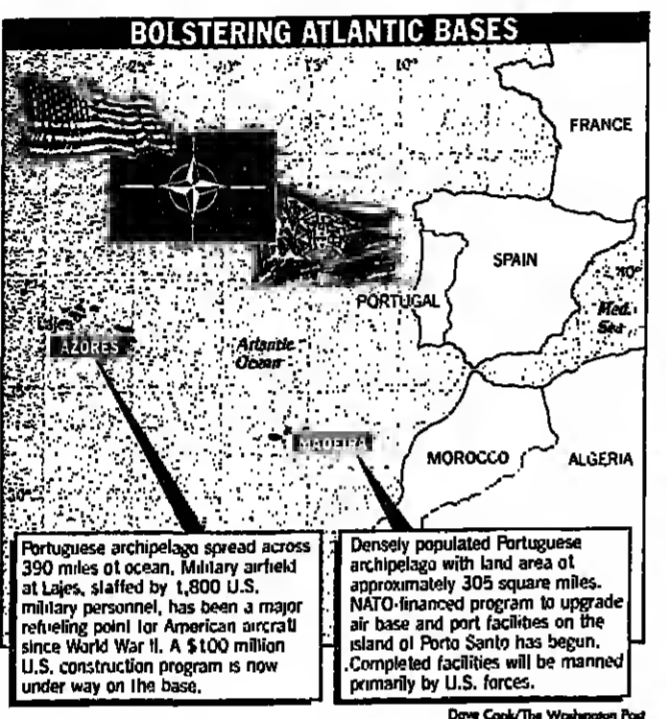
LAJES, Azores — The United States and its NATO allies have begun a major buildup of military facilities in the Portuguese island groups of the Azores and Madeira to counter what they say is an increased Soviet threat to Western shipping and rapid wartime reinforcement of Europe.

Some of the stimulus is said to be senior military officials to be an increase in the Soviet air and naval presence in Angola. The officials described that presence as a potential threat to the flow of oil and raw materials to the West.

The construction program in the Azores is said to be costing nearly \$100 million, a sum reported by the U.S. base commander to be as large as for any such U.S. Air Force project.

A North Atlantic Treaty Organization program in the Madeira group is aimed at providing a "viable forward support base" for operations below the Tropic of Cancer, more than 1,000 miles (1,600 kilometers) south of the islands. The parallel is normally NATO's limit of operations.

While officers at NATO's Iberian Atlantic Command near Lisbon said no formal allied military operations had taken place below the Tropic of Cancer, a recent alliance-



wide exercise included scenarios involving a threat from Angola.

The Azores and Madeira expansions are considered delicate for Portugal, which is seeking to increase its role within NATO yet is also pressing its allies for increased compensation for the use of bases on its territory.

There has been little public opposition to the bases in recent years, but some of the latest plans have not been made public. Any hint of NATO extending beyond its treaty limits generally arouses controversy in some European member states.

The United States, which has used the Lajes base and others under Portuguese command in the Azores since 1943, considers Lajes a key asset for logistics and anti-submarine warfare.

"Whoever controls the Azores controls the Atlantic," said Brigadier General Larry Wright of the U.S. Air Force.

He said about 250 U.S. aircraft touched down at Lajes every month on their way between the United States and Europe, the Middle East or Africa. This traffic increases during exercises by U.S. forces in Europe or the Middle East.

About 1,800 U.S. military personnel are at Lajes, along with 1,600 Portuguese workers and host Portuguese forces. In case of a European conflict, there would be a major in-

# Quebec Ends Holdout on Constitution

New York Times Service

TORONTO — After 20 years of uncertainty about its place in the Canadian confederation, Quebec has agreed to end its holdout and sign the Canadian Constitution.

"What we have now is a whole country," said Prime Minister Brian Mulroney as he announced the agreement on Friday in Parliament in Ottawa. The announcement was greeted with a standing ovation from all political parties in the House of Commons and by a widespread sense of relief and celebration elsewhere in Canada.

The breakthrough came at a 10-hour meeting on Thursday, at which Mr. Mulroney and the premiers of the nine other provinces agreed to write into the constitution a provision acknowledging Quebec's status as a "distinct society."

Other Quebec demands were met with what could prove to be the biggest decentralization of federal powers to the provinces since Canada was founded in 1867. Granting all provinces what Quebec had demanded for itself, Mr. Mulroney agreed that they would benefit from a say over immigration and appointments to the Canadian Supreme Court, as well as a veto over constitutional changes affecting national institutions and provincial boundaries.

Before becoming final, the accord must be formally ratified by the 10 provinces and the federal government, then submitted to Parliament and the provincial legislatures. Approval is expected.

# EC Charity Snubbed in South Africa

By David Osborne  
Special to the Herald Tribune

BRUSSELS — South African charity organizations, protesting the European Community's economic links with Pretoria, have snubbed a \$20 million EC aid program for victims of apartheid.

The charities, which last year spent almost \$10 million of EC funds inside South Africa, have said they will take no more money while Europe continues to do business with Pretoria.

Last September, EC foreign ministers doubled the fund for 1987 after agreeing on only limited sanctions against Pretoria, banning the import of iron, steel and gold coins and putting a freeze on investment in South Africa.

The aid program, begun last year, was hailed by EC governments as a pioneering attempt to balance sanctions with material support for South Africa's black population. But critics were quick to condemn the "positive measures" as an inexpensive sop to those pressing for an all-out boycott of Pretoria.

Most of the money was channeled through the South African Council of Churches and the Johannesburg-based Kagiso Trust, in coordination with European charities. Brussels stipulated that the money should go to nonpolitical and nonviolent organizations — ruling out the African National Congress as a possible beneficiary — and that it be used for humanitarian aid only.

An EC Commission official has confirmed that the main charities involved have stopped submitting fresh projects for EC funding.

She said a delegation, led by the Reverend Beyers Naude of the South African Council of Churches and Ahmet Dangor, director of the Kagiso Trust, had come to Brussels "up in arms" and refusing to take any more EC cash until firmer action was taken against Pretoria.

"They accepted our criteria for using the money when the scheme began last year and we told them there is no way we can change those," she said.

# Unrest and South Africa Voting Violence Is a Double-Edged Sword for National Party

By William Claiborne  
Washington Post Service

SPRINGS, South Africa — When striking black railroad workers set fire to some commuter coaches in this blue-collar Transvaal industrial city last week, Pict Coetzter, the local National Party member of Parliament, rushed to the locomotive depot to talk to white employees.

"I told them exactly where the strike began, and that as bad as the violence is, if we don't do something to accommodate the blacks," the black trade unions "will become more and more politicized," said Mr. Coetzter, who is running for re-election. "They will use the trade unions to get the revolution going."

"I told them that blacks have no member of Parliament to whom they can take their grievances," he added, "and until they have the same thing we have, the unions will become politicized." Mr. Coetzter is regarded as a *verligte*, or liberal, in the ruling National Party.

"They understood that, but they were still frightened," he said. "The

1977 election in which Prime Minister John Vorster led his party to its biggest plurality ever by running against President Jimmy Carter's anti-apartheid "meddling."

As the sanctions issue evaporated of lack of interest, the Nationalists shifted gears. First, they focused on a handful of party defectors running as independents. Then they attacked the Progressive Federal Party, equating its platform with that of the outlawed African National Congress.

But on the eve of Wednesday's voting, a revival of racial unrest clearly has overtaken the previous issues. Nowhere is it a more sensitive issue than in Springs, where, as Mr. Coetzter says, "it makes people go for their guns."

The 21,000 voters of Springs, which is east of Johannesburg, are working class, conservative and patriotic.

"If we had a snap election in December, we would have killed these guys," meaning the Conservative Party, "with the sanctions issue," said Mr. Coetzter. He conceded that the National Party is no longer controlling the issues but is responding to them.

Mr. Coetzter said he was concerned about the possibility of a low voter turnout Wednesday, a common election phenomenon in Springs with its large number of shift workers, but one that could be exacerbated by unrest in Johannesburg and elsewhere.

"If a rumor gets around that there's going to be a terrorist attack on election day, they'll stay away," said Mr. Coetzter. "That's a problem for us. But the Conservative Party and the AWP love it." AWP are the Afrikaner Resistance Movement, a neo-fascist group. "They'll come in the polling box armed," he added.

That the National Party will be returned to power Wednesday is not doubted by Mr. Coetzter or by political analysts. The only questions remaining are whether the Progressive Federal Party will hold enough of its 27 seats to remain the official opposition party, or whether the Conservative Party, with 18 seats, can gain enough ground to take the opposition benches.

The answer to those questions may depend on the actions in the coming days of angry young blacks who have no vote at all — and the government's response.

NEWS ANALYSIS

railway strike was bad news for us and other blue-collar areas."

Mr. Coetzter's remarks to the whites underscore a dilemma facing the National Party before Wednesday's whites-only parliamentary election.

In conservative, working-class cities like Springs, where Mr. Coetzter was elected by a thin, 749-vote majority in a 1985 by-election, talk of racial reform does not mix well with newspaper headlines telling of violent clashes between black nationalists and the police.

But the National Party, seeking a middle road between the far-right Conservative Party and the liberal opposition Progressive Federal Party, is already locked into a campaign theme of "Reform Without Surrender." It can hardly afford to abandon its platform of cautious racial change and retreat at the last minute to the draconian apartheid policies of former Prime Minister Hendrick Verwoerd.

If political violence continues, it could represent a double-edged sword for the National Party. Violence has left at least 20 dead in the past week.

The unrest might stay within manageable limits and security forces might succeed in ending it with a decisive but restrained response just before the election. Then the government of President Pieter W. Botha could be perceived by much of the undecided electorate as being indispensable for maintaining social order in South Africa.

Alternatively, if a protest and nationwide strike planned for Tuesday and Wednesday by black trade unions and more than 700 anti-apartheid groups gets out of hand, the candidates of the Conservative Party could make major inroads into the National Party's 127-seat majority in Parliament, analysts agree.

When Mr. Botha announced the early election on New Year's Eve, conventional wisdom held that international economic sanctions would be the central issue. The vote was expected to be a rerun of the

# Sri Lankan Rebel Asks New Violence

New York Times Service

NEW DELHI — Tamil guerrillas will accept nothing less than an independent nation, according to the top Sri Lankan rebel leader, Velupillai Prabhakaran.

"There is no alternative except winning our freedom through struggle and shedding blood," he said in a statement Saturday. Mr. Prabhakaran heads the Liberation Tigers of Tamil Eelam, the largest rebel force.

He underscored the Tamil refusal to join efforts by India to broker an accord with the Sri Lankan government.

# Rebels Report Deaths Of 140 Angolan Troops

The Associated Press

LISBON — Angolan anti-Maoist rebels said they killed 140 government soldiers and four Cubans in fighting last week. The rebels said they defeated an army brigade and bombed a military airport.

The National Union for the Total Independence of Angola, known as UNITA, said in a statement Saturday that 195 Angolan soldiers were injured and 75 others were captured in the clashes.

# Dubcek, in Letter To Soviet, Assails '68 Czech Policy

Agence France-Press

PRAGUE — Alexander Dubcek, the reformist Czechoslovak leader who was removed after the Soviet invasion in 1968, wrote a letter to Mikhail S. Gorbachev before the Soviet leader visited here in April, a former party official, Milan Hubl, said here Sunday.

The five-page letter gave Mr. Dubcek's view of the Prague Spring liberalization process of 1968 and criticized the official Czechoslovak interpretation. Mr. Hubl said, Mr. Gorbachev, he said, was certain to have received the letter during his visit.

The letter has not been made public, and Mr. Hubl did not reveal its precise contents. It marked Mr. Dubcek's third known statement since he was ousted from the Czechoslovak Communist Party in 1970.

In 1974, he defended his liberal policies and complained about conditions of his internal exile in the Slovak capital of Bratislava. In 1985, he criticized the government of Gustav Husak in a letter quoted in a West German newspaper.

# Concorde Barely Missed Small Jet Over England

Reuters

LONDON — A British Airways Concorde jet narrowly missed a small aircraft over western England last month, British Airways confirmed Sunday, following a newspaper report of the incident.

The Concorde missed a 15-seat turboprop by about 875 yards (800 meters) after taking off April 23 from London's Heathrow Airport for New York. The *Observer* newspaper said that the Concorde pilot had misheard or had failed to hear instructions from air controllers. An investigation is under way.

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Handwritten signature: "J. M. ..."



# In Bavaria, Pope Honors Priest Jailed Under Nazis

MUNICH — Pope John Paul II beatified a German priest on Sunday who was jailed for repeatedly denouncing Hitler, saying the behavior of the Nazis was proof that the devil existed.

On the penultimate day of his visit to West Germany, the pope celebrated Mass before more than 80,000 people at the Olympic stadium in Munich, where he beatified the Reverend Rupert Mayer, a Jesuit priest imprisoned three times for condemning Nazi rule.

The ceremony in the mainly Roman Catholic capital of Bavaria followed the controversial beatification Friday in Cologne of Edith Stein, a Jewish-born Catholic convert who became a nun and died in the Auschwitz concentration camp in 1942. Beatification is the step before sainthood.

"There are times when the existence of evil among people is particularly apparent," the pope said. "Then it becomes even clearer that the powers of darkness that reside in and operate through man are larger than him. They come from outside and envelop him."

He added, "It seems that people today almost do not want to see this problem. They do everything to put the existence of these powers, these forces of darkness, these forces of the devil... from their minds."

The pope has made several references during his visit to the church's much-criticized attitude to the Nazis, and has focused on the bravery of individual clerics.

He has repeatedly linked Stein and Mayer, saying they represented the fearlessness of what he called "the other Germany" during World War II.

The pope recounted the priest's story and said that he lived in an era that demanded courage to profess the Catholic faith.

Mayer was sent to prison twice for his strong stand against the Nazis before being taken to the Sachsenhausen concentration camp near Berlin in 1939.

The priest said of his imprisonment: "I do not regard it as a blessing but as the crowning glory of my life."

The Nazis, fearing that he was prepared to die for his beliefs, transferred him some months later to an isolated monastery in southern Bavaria.

Mayer, who had lost a leg while serving as an army chaplain in World War I, was freed by U.S. soldiers in 1945. He died of a stroke a few months later at the age of 69.

# In Europe, With Its 'Living Ghosts,' the Reaction to Waldheim Is Cautious

By James M. Markham  
New York Times Service

BONN — There are too many living ghosts of the Nazi past around for any European nation to feel that the case of Kurt Waldheim is an isolated Austrian matter.

This month, France warily confronts the trial of Klaus Barbie, the erstwhile Gestapo chief in Lyon; his lawyer has vowed to expose alleged betrayals by the French Resistance and even by the French Jewish community during World War II. And the ailing Rudolf Hess, once Hitler's deputy, just spent his 93d birthday in Spandau Prison in Berlin with Soviet officials involved in administering the city ignoring West German pleas that he be freed.

The Reagan administration's decision to place Mr. Waldheim on its "watch list" of 40,000 former Nazis, communists, common criminals and people with contagious diseases met with a studied official silence in European capitals last week — except, of course, in roiled Vienna. Washington's action made Mr. Waldheim the first head of state to be placed on a list of people to be excluded from the United States.

European governments have a tendency to separate moral imperatives from interests of state, and they are made uncomfortable by the American penchant for seizing the moral high ground — from which it is so easy to slip. Should Stalin have been banned from the United States in an earlier time? Should Augusto Pinochet of Chile or Alfredo Stroessner of Paraguay be hanged today? Where does one draw the line?

Even so, well before the Justice Department's dramatic decision to exclude Mr. Waldheim because it found apparent evidence of his involvement in Nazi war crimes, several European nations quietly had indicated their aversion to the man.

Monarchs took the lead. Queen Beatrix of the Netherlands, whose nation suffered at the hands of some prominent Austrian Nazis in the war, disinvited Mr. Waldheim from the opening of an extensive network of dikes on the Dutch coast; an invitation had been proffered to his predecessor. She also has stopped taking her annual ski vacation at the Austrian resort of Lech for the duration of Mr. Waldheim's six-year mandate.

In Amsterdam, there have been protests over an invitation extended to the Austrian chancellor, Franz Vranitzky, to attend the inauguration of a Jewish museum. Last fall, King Baudouin I of Belgium said he would not open an Austrian festival in Brussels if Mr. Waldheim came. Mr. Waldheim, a former United Nations secretary-general, stayed away. And France decided not to send André Lewin, who was a Waldheim aide at the United Nations, as ambassador to Vienna, as he seemed too close to the Austrian president.

Mr. Waldheim told a Belgian newspaper recently that he had been invited to visit several European countries but did not want to name them for fear of jeopardizing the trips. Press leaks in Vienna have sabotaged tentative attempts to get invitations from Ireland and Japan.

The prime minister of Canada, Brian Mulroney, said Mr. Waldheim would be unwelcome, but not officially barred.

The Justice Department's action will make it difficult for any West European nation to consider having the Austrian president as a guest.

Mr. Waldheim is likely to remain the most ostracized head of state in Europe, and may have to settle for visits to such places as Jordan and Egypt, which have invited him. In his UN days, Mr. Waldheim enjoyed traveling, and his new status is likely to be painful for him.

Many West European editorial writers noted that Mr. Waldheim's unrepentant insistence that he saw or did no wrong during the Balkans campaign in World War II had aggravated his isolation.

"The American decision," said the Copenhagen daily newspaper Information, "is encouragement for those who believe that the Nazi barbarity was something unique which the international community must, and can, combat." It said the Waldheim case provided "the best proof that this combat has lost none of its meaning."

In West Germany, Chancellor Helmut Kohl, who praised Mr. Waldheim as "a great patriot" when the Austrian's war record first came under scrutiny a year ago, remained silent on the U.S. action.

But there have been ripples of sympathy for the beleaguered Austrian president in the press. Johann Georg Reissmüller, a publisher of the conservative Frankfurter Allgemeine Zeitung, accused the United States of hypocrisy for having in the past received statesmen who had been involved in "bloody mass crimes."

"Why?" asked Mr. Reissmüller. "America didn't want to sight states that it might need. No one has so far proved that President Waldheim did anything dishonorable, but the superpower America thinks it can deal with little, neutral Austria as it likes."

The Austrian president had other defenders in Europe. The Soviet press agency Tass asserted that "Zionist circles" in the United States had sought to punish Mr. Waldheim for his pro-Arab views at the United Nations.

And before the week was out, Mr. Waldheim had secured a European invitation — to visit Hungary next year.

# Waldheim Reportedly Backed Arabs

Agence France-Press

JERUSALEM — Kurt Waldheim wanted to help Moscow and its Arab allies against Israel while he was United Nations secretary-general during the 1973 Middle East war, his former private secretary has asserted.

In an interview in London that appeared Sunday in the English-language Jerusalem Post, Robert Rhodes-James said that "Kurt Waldheim's actions as UN secretary-general during the Yom Kippur war were designed to aid the Soviet Union and its Arab allies to the detriment of Israel."

Mr. Rhodes-James, a Conservative member of the British Parliament and a well-known historian, said: "Waldheim failed to act impartially during the Yom Kippur war. He maintained a prolonged silence until the military situation turned to Israel's advantage."

"I said to him: 'You have to say something. A war is raging.' But there was no response, because he was waiting for an indication from the Soviet Union on when his intervention would be appropriate. It was appropriate when the Soviet Union and its allies were being defeated. When they were winning, of course, he said nothing."

As to Mr. Waldheim's character, Mr. Rhodes-James said that "during my years at the UN, I found Waldheim a ranting, rude, bullying egomaniac, and this view was shared by most of those in the secretary-general's office."

In another development, the secretary-general of the conservative Austrian People's Party, Michael Graff, said Sunday in Vienna that the Austrian government should ask the U.S. authorities for the documents used in reaching the decision to bar Mr. Waldheim from private visits to the United States.

Mr. Graff said the government should form an international commission of historians to consider the case, as Mr. Waldheim has asked. Chancellor Franz Vranitzky also has supported the formation of such a commission.

# Polish Police Use Batons On Marchers

(Continued from Page 1)

were privately run commercial ventures not using U.S. government funds.

That is not how congressional investigators see it. Privately, they argue that Mr. Secord was the facilitator of White House-directed programs in Nicaragua and Iran.

The selling of U.S. arms to Iran, committee sources have said, was a government-to-government program in which the funds generated were the U.S. government's.

Robert C. McFarlane, the former national security adviser who is to address policy issues after Mr. Secord has provided the initial chronology of events, has already appeared before several investigating committees and has given differing versions of events.

On Oct. 7, 1985, Mr. McFarlane wrote to Mr. Hamilton: "There is no official or unofficial relationship with any member of the NSC staff regarding fund-raising for the Nicaraguan democratic opposition."

Last week, however, it was revealed in court that less than a month earlier, Lieutenant Colonel Oliver L. North of the National Security Council staff and Carl R. Channell, the fund-raiser who has pleaded guilty to fraud in the affair, met in Dallas with three potential contributors to a foundation that raised money to help the Contras.

Later in the hearings, another former national security adviser, Vice Admiral John M. Poindexter, and Colonel North, who was dismissed from the security council staff in November, are expected to testify.

Since the Iran-contra affair burst into the open late last year there have been congressional hearings by four committees, a report by the Senate intelligence committee, a more detailed report by a presidential review board headed by former Senator John G. Tower, two General Accounting Office studies, a continuing investigation by an independent counsel, Lawrence E. Walsh, and four months of inquiry by House and Senate investigators setting the stage for the public hearings that are to begin Tuesday.

Many government officials and legislators have said that most of the significant facts about the affair have been disclosed and all that remains is to trace the money, decide who broke the law and determine what the president knew.

The guilty plea of Mr. Channell last week, however, suggests that this may not be the case.

# CONGRESS: In Iran-Contra Hearings, a Test Nears

■ Polish, Chinese Links

Congressional committees have uncovered detailed evidence that the Reagan administration solicited aid for the Nicaraguan rebels from Poland and China. The New York Times quotes a congressional official as saying:

The official said Friday that the committees' evidence of dealings with China included the first sales of Soviet-designed anti-aircraft missiles to the Contras. He said the sales were arranged by at least one former White House official.

The Contras were said to have bought arms from Poland when the Poles were also shipping weapons to the Nicaraguan government.

Reagan administration officials speculated that China's motive was to counter Soviet influence in the region and bolster ties with the United States. One official suggested that Poland's motive may have been its need for hard currency.

# NAKASONE: Talks 'Fruitful'

(Continued from Page 1)

did not expect the tariffs to be removed before June at least.

Aides said that Mr. Nakasone had gone to Washington hoping to persuade Mr. Reagan to remove the tariffs immediately.

The tariffs were imposed because of Japan's alleged failure to enforce an agreement with the United States to limit the sale of semiconductors — the memory microchips used in computers — to other countries at below cost.

Mr. Nakasone, as part of his negotiations in Washington, announced that Japan had taken steps to lower short-term interest rates, which should stimulate its economy and perhaps enable the United States, with its huge trade deficit, to sell more goods there.

He also promised to make more than \$20 billion in loans to developing countries and said that the recipients did not have to buy their goods from Japan.

Leaders of the ruling Liberal Democratic Party expressed doubt Sunday that Mr. Nakasone could keep the promises he made in Washington, United Press International reported from Tokyo.

[The leading economic aide, Ni-hon Keizai Shimbun, reported that Raizo Matsuno, a ranking Liberal Democratic Party official, had said that "we've been burdened with heavy baggage." Matsuno Ezaki, another party official, was reported as saying that "if the prime minister cannot live up to the pledges he made to the United States, he will be unable to take charge of his administration."

[Opposition leaders threatened a no-confidence vote in the Diet, or parliament, if Mr. Nakasone tried to push through unpopular economic measures.]

In a move that could hit Japan hard, the House of Representatives approved a trade bill during Mr. Nakasone's visit that would bar the U.S. government from buying goods from countries that restricted their government's purchases of U.S. goods.

But Mr. Reagan, indicating he would veto any such bill, said on radio that "I will not sign bills that close down markets and shut off extended job opportunities."



Prime Minister Yasuhiro Nakasone, leaving Washington after the trade talks.

# BRIDE: 12-Year-Old Dies

(Continued from Page 1)

scarf when she meets strangers, was forced into marriage three years ago. She soon became pregnant. Because her pelvis was small, she had a long, painful labor, and her baby was stillborn. She is now sterile.

Pressure on her bladder during pregnancy and labor caused an injury called a vesical vaginal fistula, which made her incontinent.

"When my husband found out about me, he refused to come to me," she said. "He didn't say any words. After ruining my life, he just abandoned me."

Her parents, cassava and peanut farmers in the northern town of Gwarzo, forced Hadyza to leave their house. She came to Kano, a sprawling market city, and survives by begging. She lives on a grass mat on the grounds of Murtala Mohammed Hospital, where she is waiting her turn for surgery that can correct the condition.

An estimated 20,000 teen-age girls in northern Nigeria have the same injury.

"They become outcasts at the age of 12 or 13 or 14," said Dr. Anamah, who has worked with health officials in Lagos and Kano to set up the surgical ward and a rehabilitation center for the victims. "It is such a waste of life."

The new 20-bed ward at Murtala Mohammed Hospital has not had an empty bed since it opened in January. There are nearly 1,000 girls now on the waiting list. Many of them, such as Hadyza Mohammed, have made a home on the sandy ground just outside the ward. The scrub trees around the hospital grounds are draped with their dry, ragged clothes — the only treatment the girls have for their condition.

As soon as they have the injury, "their husbands divorce them and their families will tolerate their smell only for a little while," said Fatima Olabodun, a staff nurse in the ward.

"First and foremost," said Dr. Anamah, "the solution to this problem is to get the government to stop child marriage. The girls' bodies simply are not mature enough for childbirth."

"We want the minimum age for marriage to be 18 years old," she added.

In northern Nigeria, where Islamic law is applicable to Moslems, there is little support for government legislation that would overrule local interpretations of the Koran.

In northern Nigeria, many Moslems, troubled by the death of Hauwa Abubakar, say Islamic law prescribes a punishment that will deter other husbands from mistreating their young wives.

That punishment, which was advocated by the New Nigerian newspaper, was that Malam Shehu Kirwa have his legs amputated with an ax.

# Polish Police Use Batons On Marchers

Compiled by Our Staff From Dispatches

WARSAW — Police officers used batons Sunday to break up independent marches marking Constitution Day in Krakow, Lodz, Wroclaw and Warsaw. Polish opposition sources said about 200 demonstrators were detained.

The sources said police in full riot gear charged marchers in Krakow following celebrations at Wawel Cathedral that were attended by about 10,000 worshippers. At least 150 people were detained.

The clashes followed a rally outside the cathedral sponsored by the Confederation of Independent Poland.

"It was the first time in quite a while that ZOMO's in battle dress have been deployed against independent marchers," one Krakow activist said. ZOMO is the acronym by which the Polish riot police are known.

Opposition sources said later that hundreds of worshippers remained on Wawel hill, the site of the royal castle and cathedral complex, rather than venturing into Krakow's heavily patrolled old town district.

About 40 demonstrators were detained in the southwestern-city of Wroclaw where baton-wielding police stopped an attempted march by Solidarity supporters after a Constitution Day Mass at the local Jesuit church.

The plainclothes police took banners and flags from the marchers and beat them with the aluminum flagstaffs, one source said.

In Lodz, Poland's textile capital, police also dispersed several hundred marchers who planned to place a wreath at a monument to Tadeusz Kosciuszko, an 18th-century national hero, and several people were detained.

In Warsaw, riot police dispersed without force a demonstration by about 1,000 people who chanted "No freedom without Solidarity" and other union slogans outside St. John's Cathedral in the city's Old Town district.

The demonstration followed a Mass marking the May 3 anniversary that was attended by an overflow crowd of 5,000.

Riot police broadcast calls for the crowd to disperse and cordoned off the street in front of the church to prevent a march from forming. The police chased several hundred people back into the church. They later were escorted through the police lines by priests.

At least a dozen people were detained, including a CBS television crew from New York and a Canadian television crew.

The Sunday anniversary, honoring Poland's liberal constitution of 1791, has been a rallying point for opposition activists since the Communist takeover after World War II. (AP, Reuters, AFP)

# EINSTEIN: Early Love Letters

(Continued from Page 1)

and don't fret. After all, I am not leaving you and I'll bring everything to a happy conclusion."

As in several subsequent letters he referred to the child as though the baby was already born, saying, "How is the young chap?"

Marie was hoping for a girl and they called the unborn child "Lieserl," a diminutive of Liese. "I am dizzy with joy," Einstein wrote her, after receiving word of a job in Bern. "The only thing that must be solved is how to have our Lieserl with us. I do not want for us to have to part with her."

Despite his mother's opposition, Einstein and Marie were married in January 1903 in Bern. According to a letter, to appear in the next volume of his papers, the Einsteins later learned that their daughter had recovered from scarlet fever. But apparently she was still in her mother's native region. The mention of scarlet fever is the last reference to the girl in the correspondence.

# Thai Minister to Visit Soviet

Agence France-Press

MOSCOW — The Thai foreign affairs minister, Siddhi Savetsila, will visit Moscow sometime between May 10 and 20 at the invitation of the Soviet government. Tass announced Sunday.

# ARMS: Allies Delay

(Continued from Page 1)

say they believe that the North Atlantic Treaty Organization should insist on the right to retain some missiles in the lower range.

West German indecision forced the North Atlantic Council, the highest decision-making body within NATO, to cancel a meeting that had been set for Monday in Brussels to discuss the missile offer.

France, unlike West Germany, has no U.S. weapons on its territory. But the Chirac government fears that wide-ranging U.S.-Soviet accords might lead to a "denuded" Europe that would leave the Soviet Union with a dangerous superiority in conventional forces.

The proposal on medium-range missiles being considered in Geneva would eliminate all 270 Soviet triple-warhead SS-20 missiles targeted on Europe and all 316 U.S. single-warhead Pershing-2 and cruise missiles based there.

■ Vogel Backs Soviet Offer

Hans-Jochen Vogel, the West German opposition leader, called on the government Sunday to accept the Soviet offer to scrap short-range nuclear missiles and he urged a harder look at Warsaw Pact superiority in conventional forces. Reuters reported from Bonn.

Mr. Vogel, the parliamentary floor leader and chairman-designate of the Social Democratic Party, said he did not understand those Christian Democrats who oppose the Soviet offer on the ground that the West would lose leverage in its efforts to reduce conventional Soviet forces.

"Naturally the East has a numerical superiority in conventional forces," Mr. Vogel said. But he asserted that both the manpower and the quality of arms and equipment in the Warsaw Pact forces had been exaggerated.

# Dalida, 54, Singer In France, Is Dead

PARIS — Dalida, the Egyptian-born French entertainer whose songs achieved worldwide fame in the 1950s and 1960s, was found dead Sunday night at her Paris home, hospital officials said.

Doctors were called to the 54-year-old singer's apartment in the Montmartre quarter early Sunday evening, they said. The cause of death was not disclosed.

Dalida was born in Cairo in 1933 as Yolande Gigliotti, the daughter of a violinist at the Cairo Opera. She recorded about 800 songs in French and other languages, and sold more than 85 million records.

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# Herald Tribune

## Blunders Plus Crimes

Suddenly, after five months of maneuver and study, someone has admitted criminal guilt for arming the Nicaraguan rebels at a time when Congress prohibited it. Carl Channell, a flourishing fund-raiser for conservative causes, has confessed to missing a tax-exempt organization as a conduit for arms and has identified Oliver North, formerly of the National Security Council staff, as a fellow conspirator. It has been obvious for some time that the Iran-contra scandal involved political offenses hatched in the White House. Now Mr. Walsh's bold case also points to conventional crimes.

The political offenses were profound. President Reagan condoned, perhaps also directed, the paying of ransom to Iran for hostages in Lebanon. That broke his political word and shattered public trust. He bitterly disagreed with the congressional ban on contra funding, and let White House opposition and secret funding reach intolerable lengths.

Colonel North and Mr. Channell, teaming up to raise millions for the National Endowment for the Preservation of Liberty, took big gifts from the Oval Office to receive Mr. Reagan's personal thanks. The colonel has written: "The President obviously knows why he has been meeting with several select people to thank them for their support for Democracy in CentAm." The White House said last week that he was thanking them for sponsoring television advertisements.

The laws that banned arming the contras,

and that still prohibit arming Iran, carry no criminal penalties. Now, as Congress prepares hearings to explore the big picture, comes the prosecutor to show that these are not only political offenses but also crimes.

The Channell conspiracy case raises ugly suspicions of other crimes, having less to do with lofty ideology than with grubby money. So successful was the effort to tap big donors that Colonel North's organization could afford to hire David Fischer, a former White House functionary, on a consulting fee of \$20,000 a month, for chores like arranging White House meetings. A Channell company paid a former presidential aide, Lynn Nofziger, \$340,000 in one year for similar influence peddling. When so much cash is collected secretly, there is no telling how many sticky fingers reached for it. The tips and commissions for Middle Eastern arms merchants may make the amounts involved in Central America look insignificant.

Ever since the Iran-contra scandal broke last November, it has been clear that ideologues misused political power. The new charge is that they stole public money with bogus tax exemptions for private donors. Prosecutor Walsh knows that the charge requires him to prove criminal intent, not mere zealotry. The Iran-contra affair was, as a Frenchman supposedly said of an execution, worse than a crime: a blunder. Still, as becomes steadily clearer, it was a crime.

— THE NEW YORK TIMES

## A Little More Time

On the foreign exchange markets, the dollar keeps sliding. In Tokyo, stock prices are rising much faster than in New York, although Japanese companies' profits this year are likely to be flat. American interest rates are rising. And a trade bill, rather bad one — is moving through Congress. All of those events are connected to each other, and the connections deserve attention.

The rest of the world is growing cautious about pouring more of its money into America. Japanese and European investment has helped enormously to finance the rapid run-up in debt and the boom in consumption that have marked the Reagan years. Apparently the foreign investors have decided not to bankroll America on that scale any longer. Because their demand for dollars is dropping, the exchange rate is also dropping.

If the Japanese are not sending their money to America, where are they sending it? Nowhere, evidently. They seem to be holding it at home, parking a lot of it on the Tokyo stock market even though they know that stocks there are wildly overpriced.

In the past the influx of other countries'

investments has made it easier to borrow in America and kept interest rates much lower than they otherwise would have been. As that influx declines, interest rates are pushed up. Several banks raised their prime rate on Friday. But the sharp increase in long-term rates in the past month has another cause: anxiety about inflation ahead. The falling dollar makes imports cost more. The House trade bill aggravates fears of inflation. Protectionism will raise prices, and this bill has seized the attention of investors.

One encouraging development: Tokyo and Washington are now working together on interest rates. Prime Minister Yasuhiro Nakasone has said he would reduce rates in Japan. Chairman Paul Volcker of the Federal Reserve Board announced a slight tightening. The effect will be to encourage the Japanese to keep sending money to America.

That offers welcome relief to America: a little more time to escape from its present unhealthy dependence on foreign lending. That means cutting down borrowing. The need for a tax increase is getting urgent.

— THE WASHINGTON POST

## Lease Them to Pakistan

Count the Pakistanis among the many victims of the war in Afghanistan. Pakistan's help for the Afghan rebels has brought it heroin trafficking, guns galore, millions of refugees — and now two air raids a day by Afghan planes. Pakistanis need help with air defense. They have the necessary fighter aircraft. What they lack is surveillance aircraft, and only special action by Congress can provide them. The Reagan administration wants to oblige, and quickly, but important policy hurdles and some tangled legal and money issues have to be overcome. The best way to proceed — and even it leaves problems — is to lease, not sell, the radar planes.

The Pakistanis need the aircraft to spot air attacks in time, and to guide their interceptors. The opinion in Washington is that the E-2C Hawkeye would provide the necessary capability. Pakistani defense officials want the more sophisticated E-3A Sentry, also known as AWACS. The fact that AWACS planes cost twice as much as the Hawkeye draws other Pakistani officials toward the less sophisticated aircraft.

That leaves the issue of whether to lease or sell. Selling would take longer — perhaps two years — and cost more. Leasing would be preferable in another respect: It would

not give Islamabad a permanent capability. The Indians do not want sophisticated American equipment to go to Pakistan, for fear it might be used against them. Leasing, because it would be temporary and could be specified to the war in Afghanistan, would help alleviate concerns in New Delhi.

The leased planes would be piloted by Americans. While that might put them at risk, the planes would generally stay well away from danger areas. Leasing also might give Washington some leverage over Pakistan's developing nuclear capability.

A timely response to the Pakistani request demands quick action. That means additional funds. It also requires legislation to exempt the secretary of defense from certifying that the aircraft are not essential for U.S. military needs. Such obstacles must look small to Pakistan. On the front line of support for the Afghan opposition forces, it has given and suffered much. Now, as it takes badly needed steps toward democracy, a rising popular sentiment that the government is unable to defend the country is particularly worrisome. Pakistan deserves U.S. help. Leasing it Hawkeyes makes sense. Can Congress rise to the challenge?

— THE NEW YORK TIMES

## Still Held in Vietnam

Three years ago the Communist government of Vietnam promised to release to the United States all the Vietnamese still incarcerated in "re-education camps" as a result of service in the South Vietnamese regime associated with America. Not one of these unfortunate people has been released and allowed to leave the country with dependents under the amnesty pledged at that time.

These several thousand Vietnamese are the senior people left from a larger group caught up after the fall of Saigon in 1975. They were not accused of committing war crimes in the usual sense. They had simply held official positions in civilian and military branches under the old order. They are political prisoners, and they have endured an unimaginable ordeal. Says Khuc Minh Tho, the leader of a support group of their kin in the United States: "We do not think that belonging to a vanquished regime is a crime. But even if our relatives have committed 'crimes' under the new government's law, we think 10 years of imprisonment is enough punishment for them who have sinned."

Soon after Phan Van Dong, then prime minister, promised to free the prisoners, re-

ports were heard of Hanoi's provocative demand that the United States put a political leash on the prospective new arrivals to keep them from somehow acting against Vietnam. But it is hard to imagine that those people could, even if they would, add any discernible weight to the political scales — scales on which the Vietnamese presence in the United States rests very lightly in any event. More recently, Hanoi simply has refused to address the question of the prisoners, and it stopped permitting the emigration even of nonprisoners in January 1986.

In December 1986, Hanoi started a process of leadership renewal and policy review whose significance in matters like this one remains to be demonstrated. If there is any inclination to signal that things are changing, the authorities should consider that nothing would come through to Americans more clearly — along with a resolution of the issue of Americans missing in action during the war, and an end to the occupation of Cambodia — than the prompt release of political prisoners. Hanoi's current policy stands as a glaring example of Vietnamese bad faith.

— THE WASHINGTON POST

# More Lethal Than Hundreds of Chernobyls

WASHINGTON — Richard Nixon and Henry Kissinger celebrated the first anniversary of the Chernobyl disaster by unveiling a new nuclear nightmare in a column in the Los Angeles Times. Their mischief-making purpose was to throw another monkey wrench into the prospects for a summit meeting that could lead to an agreement on intermediate-range missiles in Europe. They would rather ruin a new global photo opportunity than see themselves out of the picture.

They argued that if all intermediate- and

By I.F. Stone

The scientific estimates would dramatize a wholly new, inexpensive and peaceful form of deterrence against nuclear first strikes.

shorter-range nuclear weapons were removed from Europe, "the entire Soviet nuclear arsenal of 19,000 weapons can, if the Soviet Union chooses, be aimed at Western Europe from the Soviet Union a few hundred miles away." It could do so with little fear of American retaliation because the "credibility of the U.S. strategic threat is eroding as the more sophisticated Soviet Union does itself distant allies and it may have withdrawn our strategic missiles across an ocean."

But even if the United States accepted with equanimity the destruction of its 300,000 troops and its forward bomber bases in Western Europe

weather. The first strike that Mr. Nixon and Mr. Kissinger seem to fear would be suicide for the Russians. Even an attack one-tenth that size might cripple it for generations to come.

The other set of numbers might deal with the costs to America and its allies in Europe and Asia if it could launch a nuclear first strike against the Soviet Union so devastating that Soviet deterrent forces, whether stationary or mobile, in silos, on submarines or on bombers, would be instantaneously eliminated. What would be the radioactive and environmental consequences on Western allies, on China and Japan — indeed, on the United States itself? If Chernobyl's relatively innocuous mishap could endanger milk supplies on the U.S. Pacific coast, what would a torrential rain of fallout from an American first strike on the Soviet Union do to America?

To see the consequences of "successful" nuclear first strikes spelled out by the experts at various levels of megatonnage and weather conditions would dramatize a wholly new, inexpensive and peaceful form of deterrence against nuclear first strikes. Let us mark the first anniversary of Chernobyl — and garner its lesson — by getting these numbers.

The writer is a veteran Washington correspondent. This was adapted for The New York Times from an article in the coming issue of the Nation magazine.

# Irangate: These Hearings Should Be Nonpartisan

WASHINGTON — The sighs and sounds will be familiar: the Senate Caucus Room overflowing with people and overheating with television floodlights, and questions about what the president knew and when; what laws were bent, broken, ignored, evaded; for whom the end was more important than the means.

By Daniel K. Inouye

On Tuesday, almost 14 years to the day since the Watergate hearings began in the same room, two select committees of Congress start public hearings into the Iran-contra affair. There will be a sense of déjà vu.

But the Iran-contra affair is not Watergate. It is much more serious than Watergate — not because of who was (or was not) involved but because of what was involved; the formulation and conduct of foreign policy, beyond Watergate was about a botched burglary, a campaign of dirty tricks and an attempted cover-up of those miserable deeds. It was a political scandal of major proportions, but it was solely that: a domestic political scandal.

In contrast, the Iran-contra affair is an international event that has consequences that go beyond American shores. It involves the constitutional relationship between the executive and legislative branches in the shaping of foreign policy, the credibility of that policy, relations with other countries, the actions of the intelligence service and some of America's most closely held national security secrets.

The writer, a Democrat from Hawaii, is chairman of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition.

clear American forces. And within eight weeks of the seizure of American hostages in Iran in 1979, the Soviet Union invaded Afghanistan. We are obligated to investigate the conduct of the highest government officers, and determined to let the facts lead us where they will. But we need not, and will not, perform this task in a way that suggests to our adversaries that America is a nation divided.

We have succeeded so far in avoiding this impression. I believe, because of the lessons learned during the Watergate investigation. The Senate committee that investigated Watergate, on which I served, had the same mandate as do today's select committees: to seek the facts about the events in question and propose legislation to prevent a repetition. But the structure of our Watergate committee staff encouraged partisanship. There were majority (Democratic) and minority (Republican) lawyers, there were majority and minority investigators, majority and minority secretaries. Even the committee's budget was divided into Democratic and Republican portions.

After the investigation concluded, Fred D. Thompson, the committee's able minority counsel, wrote that loyalty to the Republican minority was "one all-important criterion" for hiring his staff. "We're going to try our best to have a bipartisan investigation, but if it comes down to the question of 'us' and 'them,' I don't want to worry about who is 'us' and who is 'them.'"

My one condition for assuming the role of chairman of the Senate committee was that there would be no majority and minority staffs, but a unified staff whose members report to the committee as a whole and not to the Democrats or Republicans. Our chief counsel, Arthur L. Liman, regards all members of the committee as his clients, and under his direction our staff members sit cheek by jowl, unconfessed whether their neighbor is one of "us" or one of "them."

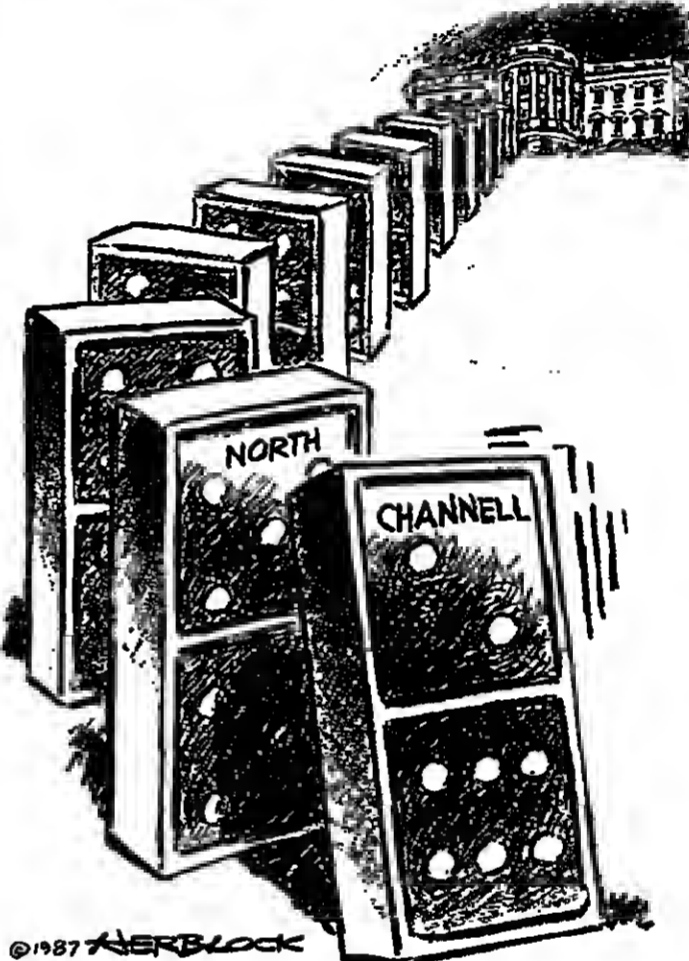
The structure of the staff would be meaningless if the members of the committee were determined to make this investigation a partisan matter. Happily, this has not happened, nor do I expect it to.

Senator Warren B. Rudman, Republican of New Hampshire, is the vice chairman and is empowered to make decisions in my absence. We

shared his personal diaries with us. The decision to hold joint public hearings with our counterparts in the House, the House Select Committee, will enable us to tell the Iran-contra story fully and concisely. Nearly 17 months elapsed from the date the Senate created the Watergate committee until the committee's report was published. We hope to accomplish our work in about half that time. The Watergate hearings dragged on for more than eight months. Because we insisted on concluding most of our investigation before beginning public hearings, our hearings should take about one-third as long.

At the start of the Watergate hearings, Chairman Sam Ervin reminded his audience that "the purpose of these hearings is not prosecutorial or judicial, but rather investigative and informative." Our purpose is the same.

The New York Times



# Indonesia: Into a Period of Political Uncertainty

SINGAPORE — The result of last month's parliamentary elections in Indonesia was hardly surprising. The vote recorded for the government party, Golkar, exceeded 72 percent. That may be interpreted as a vote for political continuity. The campaigning, however, indicated a growing desire for political change.

By Michael Leifer

A novel feature of the elections was the display of popular enthusiasm for the Indonesian Democratic Party, the PDI, at rallies in Jakarta and other cities. The PDI is an amalgam of secular nationalist parties. They include the Indonesian Nationalist Party, identified with the late President Sukarno, and two Christian parties.

In the previous three parliamentary elections, the United Development Party, a combination of Moslem parties, had attracted much greater popular interest as the more credible vehicle of protest.

In numerical terms, Indonesia is the world's biggest Moslem country. More than 85 percent of its 170 million people described themselves as Moslem in the last census. But many remain deeply influenced by a Hindu, Buddhist and animist past. Successive governments in Jakarta, especially the

present administration of President Suharto, have firmly resisted pressure to make Indonesia an Islamic state.

One factor accounting for the greater popular interest in the PDI has been the acceptance by all political parties of the state philosophy, Pancasila, as the sole ideology. The central principle of Pancasila is religious tolerance. By accepting it, parties undertook not to campaign on religious themes or under a particular religious banner, such as Islam.

As a result, the Moslem Scholars organization, a component of the UDP with a substantial membership, contracted out of electoral politics, releasing its supporters to make an electoral choice on other than religious grounds. This development, which worked to the PDI's advantage, has been welcomed by the government. Fearful of institutionalized Islam becoming entrenched as the principal opposition to Golkar.

Less welcome to the government was the PDI's ability to attract big crowds to its rallies by symbolic identification with President Sukarno, whose fiery nationalism led Indonesia

into armed confrontation with its neighbors, Malaysia and Singapore, in the early 1960s, and set it on a downhill slide into economic chaos. The attraction for younger urban dwellers of the romantic style of the late president, who had been a discredited figure, was disturbing. This display of nostalgia for a flamboyant leader beyond the direct experience of new voters indicates dissatisfaction with the style of the Sukarno government.

The PDI rallies were significant also for the vigorous airing of grievances over management of the economy and corruption in high places. Indonesia, which relies heavily on oil, natural gas and other commodities, has suffered in the past few years from falling international demand and prices for many of its main exports.

The rallies attracted younger members of the middle class as well as the poor. They attracted the children of the beneficiaries of development, who are frustrated by its arrested momentum and by uneven distribution of diminishing economic rewards.

It is true that the PDI has raised its national vote to only 12 percent, from 8 percent in the 1982 elections. Its emergence in the political heartland of Jakarta as an alternative vehicle of protest does not constitute an electoral watershed. These elections have not changed anything of political substance. They were a well staged, managed piece of political theater in which the security forces, while keeping in the background, played an effective moderating role.

Nevertheless, the display of interest in the PDI, together with the open articulation of critical issues, means that the government cannot assume that the election result is an overwhelming endorsement of its record. The process of development has required widening educational opportunity to produce skills necessary for modernization to succeed. The generation spawned by this process is now coming of political age without any corresponding sign that the govern-

# Buthelezi Gives Both An Option

By Jim Hoagland

PARIS — While South Africa's whites noisily wind down their national election campaign, Chief Mangosuthu Buthelezi has been quietly gliding through salons and government offices in Europe in search of support in the other struggle for power under way in the Beloved Country. It is a struggle to determine who will unite and lead the fragmented black majority into a post-apartheid era, and on what terms. Financial and diplomatic resources from abroad last week in Britain and France, could help shape the unpredictable outcome.

The results of Wednesday's whites-only elections, on the other hand, are the safest bet around. Despite three years of bloodshed, international ostracism and stunning miscalculation, the fearful white minority is poised to extend the mandate of P.W. Botha's government in this vote.

Since the entrenchment of apartheid in 1948, elections have not been times of significant change. They are times when the country's deep divisions are put on display, intensely debated and then reflexively confirmed in a vote for the National Party.

These are elections that are endured rather than fought. Once they are out of the way, work can resume on trying to find solutions for the country's vast problems. Signs will emerge whether Mr. Botha will now seek more reform, more repression or — most likely — a holding pattern of more of both.

Chief Buthelezi thinks that Mr. Botha's margin of victory will be reduced by defections to candidates who want a faster and cleaner break with apartheid. "At no time have the whites been as prepared for change as they are now. They may send Botha the message that his reforms aren't good enough," he says.

What is most striking about the proud, as smokes prickly Zulu chieftain is his nonchalance in talking about these elections and their aftermath. Fifteen years ago, when I first met him in South Africa, Chief Buthelezi and other black leaders felt and voiced the sting of exclusion from such elections. Today their certainty that blacks will soon hold power seems to have blunted that pain.

Chief Buthelezi does not claim to have the answer to all of South Africa's problems. In a candid conversation, he acknowledged that black-on-black violence could continue even under a black government. His tribal base in Natal, his denunciations of violence and his open courting of Western democracies for support to counterbalance Soviet arming of South African black guerrillas have brought sharp attacks on him by the young radicals of the township.

But it is precisely because he is trying to occupy a middle ground between the "smoked earth tactics" of the white government on one side and the young radicals on the other that he has become such a potent symbol in the confused politics of apartheid.

If the whites refuse to deal with him, they will clearly not deal with any credible black leader. As long as they continue to slam the door in Chief Buthelezi's face, Botha & Co. are saying to the black majority and to the world that they are not serious about seeking workable solutions for South Africa's racial problems.

They are saying in effect that they will not make the modest sacrifices that Chief Buthelezi would ask of them, much less the more painful ones that other black leaders demand. Dealing with him would be a sign from the white leaders that they understand the dangers their stubborn advocacy of white supremacy presents for themselves and for the international community.

It is possible that time has already run out on the Buthelezi option. Many young blacks argue that only agreements reached by the government would maintain the peace. It is clear from such arguments is that increasing radicalization of South Africa works against the middle course advocated by Chief Buthelezi.

Mr. Botha could halt this erosion and change the political landscape dramatically with one announcement after his government is reconfirmed in office. He should immediately announce acceptance of Chief Buthelezi's demand that imprisoned ANC leader Nelson Mandela be freed unconditionally as Chief Buthelezi's price for cooperating with a presidential commission to devise amendments to the detested 1983 constitution.

This act would show the black majority that moderate leaders who want to maintain Western influence in South Africa can deliver. It would also show that Mr. Botha is finally serious about negotiating for the survival of Africa's only white tribe.

The Washington Post

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LETTER TO THE EDITOR

An Insult to Indonesia

Praanay Gupta's opinion column "Toward the 'Indonesian Solution' for South Asia" (April 23) presented an erroneous and vicious misrepresentation of what happened after the Communist coup attempt in Indonesia in the mid-1960s.

This is not to deny that in some parts of the country, especially Java and Bali, sporadic mass killings did occur for a brief period.

Most of the victims were members of the Indonesian Communist Party and its affiliated mass organizations. The power vacuum created by the slaughter of top military leaders by the Communists, not only in Jakarta but also in provincial and dis-

1912: Titanic Inquiry

NEW YORK — Senator William Alden Smith is still engaged in private inquiries connected with the Titanic disaster. He announced (on May 3) that passenger Daniel Buckley has given evidence that a firman told him that the Titanic did not strike an iceberg, but went down because her boilers exploded while the vessel was being pushed to make a record.

LONDON — Mrs. Hugh R. Rood, whose husband was lost in the Titanic, has called from Halifax stating that she had viewed all the remains on the Mackay-Bennett steamer, but her husband was not among them. It was only by chance that she did not leave with her husband on the Titanic. She was formerly Mrs. Stoiber. When her first husband was killed in an automobile accident, the shock was so great that her hair went white in one night.

1937: Divorce Finalized

LONDON — In a court formality (on May 3) lasting only fifteen seconds, the conditional divorce granted to Mrs. Wallis Warfield Simpson on October 27 was declared absolute and irrevocable, thus making her free to marry former King Edward, who gave up his throne for his love of her. News of the court's action in her favor was telephoned to Mrs. Simpson in France at the Chateau de Chenonceau, near Tours, and she in turn telephoned her findings to the Duke of Windsor at his Austrian retreat, whereupon the duke set out to join her. This will be their first meeting since the abdication. The English papers, in a voluntary censorship of their making, had reported the divorce only sketchily and kept their readers ignorant of King Edward's romance with Mrs. Simpson, which was to lead to the abdication.

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MONDAY, MAY 4, 1987

EUROBONDS

Japanese Will Be Cautious In U.S. Auction Approach

By JONATHAN ENGEL

PARIS — The old adage "once bitten, twice shy" may not have sprung from market parance like the typical "sell in May and go away," but it nonetheless crystallizes the crucial attitude of Japanese investors toward the U.S. Treasury's auction this week of \$29 billion in securities.

In fact, they've been bitten more than once. Lured by relatively high interest rates and what proved to be temporary attempts to stabilize the dollar, large Japanese insurance companies and the trust banks that manage huge pension funds bought at least one-third of the 10- and 30-year bonds offered in quarterly auctions last year and again in February.

Then they watched as the dollar's 42 percent plunge against the yen from September 1985 decimated their earnings in comparison to similar yen investments.

Since February's auction alone, the dollar has dropped 9 percent against the yen, to 140 yen from 153.50. Bond prices themselves, undercut by the falling dollar, have slumped as much as 1 1/4 points, or \$115 for every \$1,000 face amount.

Now, not even the hefty 5 percent yield advantage on U.S. government securities over similar Japanese issues and the opportunity to buy a block of bonds at a fixed price are likely to tempt these investors into bidding aggressively at the auctions, which start Tuesday with sales of three-year notes.

"We don't want the same thing to happen" — a weak dollar eroding portfolios — said Masami Asakura, the chief representative in New York of Taiyo Mutual Life Insurance Co., the eighth largest in Japan.

Meanwhile, the uncertainty over the dollar and the likely increase in yields after the auctions clouded prospects in the Eurobond market, where several holidays last week also limited activity. In three currency sectors where bankers reported solid demand — yen, sterling and Australian dollars — the heavy supply of new issues sent prices slumping to unprofitable levels for most underwriters.

JAPANESE insurance company executives like Mr. Asakura, who have been diversifying away from Treasuries, acknowledge that on a long-term basis, the combination of the yield advantage and the liquidity in the U.S. Treasury market is unmatched elsewhere. They also believe the dollar is finally nearing its lows against the yen.

But, they argue, bonds that appear attractive before the auctions will likely be more alluring afterward. Bond prices could drop further to push the 30-year yield to 8.75 percent from around 8.60 percent on Friday, while the dollar could slip to 135 yen from 140.

"The 500-basis-point differential is still very attractive to us" when comparing U.S. to Japanese bonds, Mr. Asakura said. "But we just closed our fiscal year in end-March and all Japanese insurance companies had to write off huge currency losses."

One Japanese newspaper, he noted, estimated these total currency losses last year at around \$15 billion. "That is why we are a little bit reluctant to start our investment in the dollar again."

Investors and analysts alike remain cautious on the U.S. currency, despite the tough pronouncements last week from Paul A. Volcker, the chairman of the Federal Reserve Board, that the dollar had "absolutely and fundamentally" declined enough. Mr. Volcker said that the Fed had nudged some interest rates higher to support the dollar and to counter market fears of renewed inflation as the weak currency pushes up import costs. But some analysts doubt that the Fed will quickly raise its key 5.5 percent discount rate, for fear of inducing a recession.

Also in the Washington spotlight last week, Prime Minister Yasuhiro Nakasone of Japan pledged that the Japanese central bank would push short-term interest rates lower. In theory such a move could boost the attractiveness of the dollar against the yen and help Japan expand its economy to import more U.S. goods, thereby cutting the huge U.S. trade deficit that has devalued the dollar.

But what analysts immediately suspected was later confirmed by the Bank of Japan. It was not going to cut its benchmark 2.5 percent discount rate, but merely push less influential money market rates lower. Michael Rosenberg, an economist at Merrill Lynch, Capital Markets, noted that these rates have been artificially elevated by speculative borrowing in Tokyo's surging domestic securities market.

The dollar, after a brief rise to nearly 141 yen Thursday on these announcements, slipped back to around 140 yen on Friday in New York. The benchmark 30-year U.S. Treasury bond had also gained Thursday, but on Friday lost 1 1/32 points to close at 85 1/2 and yield 8.59 percent.

That came as no surprise to Keiji Tsuda of Nissei Bot Asset. See EURO BONDS, Page 9

Korea, Taiwan Are in Hurry to Mature

Master Exporters Pressed to Spur Domestic Growth

By Patrick L. Smith

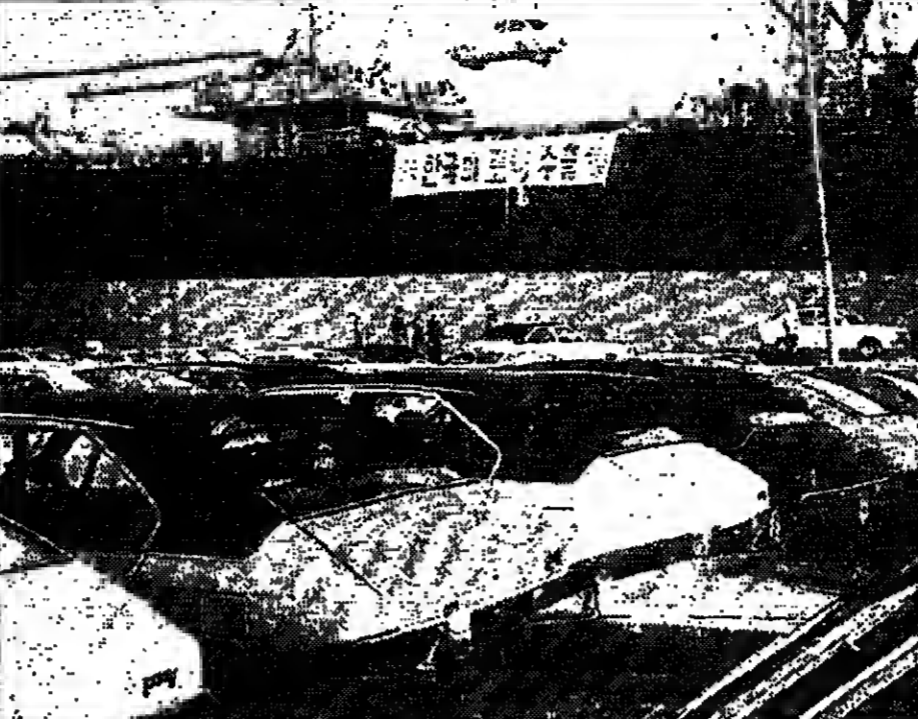
SEOUL — South Korea and Taiwan, East Asia's fastest-growing economies, are decisively changing their development strategies, in an effort to remove the threat of damaging trade friction and fundamentally alter the sources of their future growth.

The two countries, which are emerging as the most powerful economic forces in the region after Japan, are for the first time devising programs to reduce their long-established dependence on exports and to stimulate domestic consumption.

In effect, the two are discarding the export-led development strategy that has been almost an article of faith in the Third World for the past quarter of a century. Depending on how aggressively these historic policy changes are implemented, foreign analysts say, the two nations could successfully meet fair-trade demands by the United States and other major importers, thereby avoiding the chronic antagonism that Japan suffers.

The United States is their biggest market, and the two nations together accounted for \$21 billion of the record \$166 billion trade deficit reported by the United States last year.

"We have to be impressed by what we've seen," said a Western diplomat in Seoul. "Whether they can break the mold among major exporters will be determined by how well these new ideas are put into practice."



Hyundai Motor's Ponies, a symbol of South Korea's traditional push for exports.

Malcolm Baldrige, the U.S. commerce secretary, echoed this view after three days of trade talks in Seoul last week. This attitude is in sharp contrast to the skepticism with which U.S. officials have greeted similar economic initiatives announced by Tokyo.

Japan has been less convincing in its efforts to solve the same problems of economic maturity. But because South Korea and Taiwan are attempting structural economic reforms much earlier in their development cycles, their capacity to absorb a greater proportion of their own output may

limit the near-term impact of measures now being adopted. For example, more than two decades of extreme export dependence have left wage levels artificially low and domestic markets underdeveloped.

"We can't rely on exports to keep ourselves going," said Su Han-ming, senior vice president and chief economist at the International Commercial Bank of China, in Taipei. "At the same time, it's impossible for us to digest all this production."

Last year, Taiwan exported half of its national output and South Korea almost 40 percent.

By comparison, Japan exported only about 20 percent. Equally, both Taipei and Seoul are unlikely to risk substantial economic damage by exposing highly protected local industries to the rigors of competition at too rapid a pace.

Among other demands, the U.S. has urged both countries to raise the value of their currencies in relation to the dollar. Yet because of shifts in global exchange rates and other factors, exports from both countries have not slowed so far this year. For example, South Korea's exports

See EXPORTERS, Page 9

U.S. Economy Grew in April, Purchasers Say

NEW YORK — Purchasing managers, citing an increase in production and new orders and a trend toward higher employment, said the U.S. economy expanded in April after "healthy growth" in the first quarter.

The National Association of Purchasing Management, in its monthly Report on Business, said Friday that its composite index increased slightly in April to 54.2 percent, from 53.9 percent in March.

A reading below 50 percent generally indicates that the economy is declining. A reading above 50 percent indicates expansion.

"Past experience indicates that if this average were to continue for the remainder of 1987, it would be consistent with real GNP growth of about 3 percent," said Robert J. Bretz, chairman of the association's survey committee. GNP, or gross national product, measures a country's total output of goods and services.

"The economy entered the second quarter with a modest improvement over the healthy growth registered in the first quarter," Mr. Bretz said.

"The mild slowing in the rate of increase in new orders suggests continuing growth in the second quarter."

The monthly survey found that new orders continued to expand in April but at a slower pace than in March. Forty percent of the purchasers responding said new orders were better than the previous

month, down slightly from 41 percent in March.

The 35 percent of the purchasers reporting better production in April is the highest since March 1986, when the total was also 35 percent.

For the second consecutive month, purchasers said their inventories were reduced in April. Twenty-one percent reported lower inventories as opposed to 17 percent reporting an increase.

April marked the eighth consecutive month that more purchasers indicated paying higher rather than lower prices, the survey said. The 39 percent reporting higher prices in April was the most since April 1984, when 53 percent reported higher prices.

The 22 percent of the purchasers reporting higher employment in April is the best response since May 1984.

The report is based on data compiled from responses from purchasing managers in 250 industrial companies in all 50 states.

See FINANCE, Page 13

Party Woes May Restrict New Minister In Brazil

By Bradley Graham

RIO DE JANEIRO — It looked like a comic opera, but few people here were laughing as Brazil's political leaders quarreled in public over the selection of a new finance minister.

The choice of Luiz Carlos Bresser Pereira, a professor, businessman and public administrator, pleased domestic industrialists, economists and politicians as well as foreign bankers, all of whom see him as someone capable of bringing direction to Brazil's drifting economic program.

But the political wrangling that led to the decision further damaged Brazil's government.

President José Sarney was publicly humiliated by his inability to place his first choice in the post.

The leaders of the left-centred Brazilian Democratic Movement Party, the dominant government party, blocked the president's hand and have been accused in newspaper editorials of eroding presidential authority and grabbing for power.

The episode reinforced the image of an administration beset by infighting, indecision and ineptitude while it tries to maintain Brazil's ability to service its foreign debt and avoid gross inflation and deep recession.

The government's bungling of the ministerial appointment has triggered new calls for presidential elections in 1988.

Mr. Sarney, who assumed office in 1985, would prefer to put off a vote until late 1990. But with Brazil facing an economic crisis, a growing number of politicians on both the left and the right are saying the country needs a stronger leader and one chosen directly by the people.

Economic recovery would fortify Mr. Sarney's position after the collapse of last year's Cruzado Plan, a drastic anti-inflationary package. After taking office on Wednesday, Mr. Bresser Pereira outlined a program of reduced growth and tighter public spending to restore economic order.

But the question on the minds of many people here is whether the new minister will have room to maneuver, given firm opposition among Democratic Movement populists to slowing the economy by much or making concessions to international banks. In line with Democratic Movement policy, Mr. Bresser Pereira has pledged to maintain real wages and to aim for economic growth of a modest 3 percent this year.

"He's a good man in a difficult environment," said one U.S. banker here.

On Friday, the new minister announced his cabinet.

See BRAZIL, Page 13

Financial Sector Is a Growing Target in U.S.-Japan Disputes

By John Mechan

NEW YORK — Politics is not the kind of subject Toshio Mori wants to easily discuss. Mori is the chairman of Nikko Securities International Inc., a Japanese securities firm.

Mr. Mori's professional mission in life much like the chief executive of any brokerage: Understand the markets, find new clients, make some money. Politics is not officially part of his brief.

Yet, as head of the U.S. subsidiary of one of Japan's "Big Four" securities houses, Mr. Mori's strategy has become inextricably caught up in the trade quarrel between Washington and Tokyo. And the "recent political environment" that he talks about has meant that Japanese financial institutions increasingly find themselves the target of the same protectionist fervor that once aimed solely at semiconductors and Toyota cars.

"Everyone wants us to open up our markets. But Japan is a country of consensus. It takes time," said Mr. Mori, 53. "We are making progress. But in American eyes, it's still too slow."

As Prime Minister Yasuhiro Nakasone arrived in Washington last week to negotiate a trade pact, it was not a solution, to the trade dispute, high on the Reagan administration's agenda was Japan's willingness to permit greater access to its financial markets. Despite the emergence of Tokyo to rival New York and London as a financial center, Japan's liberalization efforts have proceeded at a snail's pace, with foreign concerns limited to mostly secondary roles.

Correcting the inequities has been a long-time goal of banks and securities firms in Europe and the United States. But in recent weeks the issue has received considerable

attention from a hostile Congress that is bent on wringing concessions from Tokyo.

Included in the trade bill adopted by the House last week is a rider that would severely restrict Japanese firms' participation in the U.S. government securities market. Additional limits are being considered for the Senate's trade bill, according to Congressional sources.

"Up until now, people have tended to minimize the long-term problems we face in the financial sector," said Representative Bruce A. Morrison, a Democrat of Connecticut and a member of the House Banking Committee. "We've been placing so much emphasis on agriculture and manufacturing because these have a quicker payoff on the trade figures."

A Wall Street executive put it more bluntly: "For years it was a lot easier for Congressmen and voters to understand cars rather than futures and options. Now they're finally waking up to the importance of trade in financial services."

While the decision to open up this new front is bound to add to the complexities of the trade dispute between Washington and Tokyo, it underscores the concern about the growing influence of the Japanese in U.S. capital markets.

No other country has moved as aggressively as Japan in building up its presence on the U.S. financial scene, moves that are an economic consequence of Japan's widening trade surplus and the huge cash reserves it generates.

Despite a drop in purchases as the dollar has declined, the Japanese remain the largest foreign participants in the U.S. Treasury bond market. At the end of February, Japanese investors held almost \$89 billion of U.S. Treasury securities.

See FINANCE, Page 13

At OECD Talks, the Pressure Will Be on Bonn

By Axel Krause

PARIS — West Germany will find itself in the hot seat when the annual OECD meeting of finance and trade ministers opens in Paris on May 12, because of a continuing refusal to stimulate its economy.

According to officials involved in preparations for the two-day gathering, some member governments of the Organization for Economic Cooperation and Development will be pressing for an immediate boost to West Germany's economy.

The renewed pressures will come mainly from the United States, Canada, France and smaller West European members of the 24-nation agency. Although senior West German officials in Washington earlier this week again brushed off the pressures, OECD delegates said they were not ruling out a reversal between now and early June.

The broader purpose of the initiative, officials said, is to promote economic growth in Western Europe and in the OECD area generally, which encompasses North America, Europe and Asia. The initiative comes against a somber background of sluggish growth, high interest rates, mounting Third World debt and rising unemployment.

More specifically, officials said, the allies will be seeking a firm commitment from Bonn to lower interest rates, bring forward a tax cut scheduled for next Jan. 1, and scale back on subsidies, notably in agriculture.

"The Japanese are already making some effort to stimulate their economy," Beryl W. Sprinkel, chairman of President Ronald Reagan's Council of Economic Advisors, said in an interview in Paris. He cited a plan recently announced in Tokyo to increase government spending and an interest rate reduction announced in Washington on Thursday.

"But we have seen no evidence on the German side, and they do have room to stimulate demand, without new inflation, in such areas as tax reform," he said. "Stronger growth in Western Europe, particularly in Germany, seems essential, because reducing the U.S. budget deficit, which we are accomplishing, is simply not enough for the requirements of world growth."

Mr. Sprinkel acknowledged that the surprising 4.3 percent growth of the U.S. economy in the first three months of 1987 would not be repeated in the current quarter. The sharp increase, the most rapid growth in almost three years, came almost entirely from rebuilding depleted business inventories, particularly in the automobile sector, analysts said.

"We could be surprised, but we do not expect the inventory building to continue, and we also anticipate weakness in consumer spending" during the next several months, Mr. Sprinkel said. But he declined to make predictions for the second quarter, emphasizing that the administration was sticking with its 1987 forecast of 3.2 percent growth in the fourth quarter over the same period in 1986.

Edouard Balladur, France's minister of finance, who plans to lead his country's delegation to the OECD meeting, also is known to feel strongly that Bonn should lower interest rates to stimulate growth.

"That, he is said to believe, could help France export more to West Germany, its largest trading partner, reducing its widening trade deficit with Germany."

In private conversations with Gerhard Stoltenberg, West Germany's finance minister, who is expected to lead his country's OECD delegation, Mr. Balladur has previously suggested that West Germany lower its interest rates.

"The Germans will not get away this time," a senior Canadian official said, "and they will definitely feel the heat not only at the OECD meeting, but at the Venice summit."

The Venice summit meeting of seven major industrialized countries is scheduled for June 8-10.

"Germany is the problem, and also the key to growth," the official said.

He said that Canada and other participants in the OECD and

summit gatherings would also be pressing for Bonn's support for a pledge to eliminate farm surpluses and stockpiles by reducing subsidies, a move that France and Britain are expected to endorse fully.

"If they could cut the farm subsidies, they could cut interest rates," said a senior U.S. diplomat. "But German farmers are too powerful to permit that to happen, so we anticipate resistance from Bonn on many fronts regarding stimulative action."

Arguing against stimulative action, Martin Bangemann, West Germany's minister of economics, said Tuesday in Washington: "If you are asking us to pursue an inflationary policy, that we won't do."

That argument, however, is cutting less ice with OECD governments as the meetings approach.

"We understand the traditional German argument about touching off a new round of inflation, but look at their economy, they have stable prices," Mr. Sprinkel said. "There is room to stimulate demand."

Reflecting similar downward revisions made recently by private economists that assume no changes in policy, the secretariat has shaved a quarter of a point off the previous estimate of 3 percent growth in 1987 for U.S. gross national product, the total output of goods and services.

The secretariat's internal document also has cut half a point off its estimate for Western Europe's growth rate, previously projected at 2.5 percent.

"The picture will remain gloomy, unless some key governments act, notably Germany, so we expect a lively ministerial meeting," an OECD delegate said.

Last December, the OECD projected 3 percent growth in West Germany's GNP in 1987.

But the secretariat has lowered that projection as well, although it remains slightly higher than West Germany's key economic institutes. Two of the five institutes recently reported that GNP would grow by merely 1 percent this year, while the three others predicted 2 percent growth.

Last Week's Markets

All figures are as of close of trading Friday

Table with columns for Stock Indexes (Dow Jones, S & P 500, etc.) and Money Rates (Discount Rate, Federal Funds Rate, etc.)

Currency Rates

Table with columns for Cross Rates (Amsterdam, London, etc.) and Other Dollar Values (Currency per U.S. dollar, etc.)

Source: Reuters, Bank of America, etc. Includes a note about the date of the data: These are indicative prices as of Apr. 30, 1987.

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Merrill Has Loss Of \$10 Million, Dismisses Trader

New York Times Service

NEW YORK — Merrill Lynch & Co., the giant U.S. brokerage, has dismissed a senior bond trader for unauthorized dealings that caused \$10 million in losses. It was the second such dismissal in April, but the incidents were not related.

In the latest case, Merrill officials said Friday that on April 13 they dismissed Hugh Bellinger, who had been at the firm for seven years and had been trading low-quality, high-yielding "junk bonds."

Sources at Merrill said that Mr. Bellinger had bought millions of dollars of bonds issued by Texaco Inc. four days before the oil company asked for protection from creditors under Chapter 11 of the Federal Bankruptcy Code.

Mr. Bellinger disclosed to his supervisor only part of the bonds he had bought, officials at the firm said. He later disclosed that he had exceeded his limits, they said. As a result, Merrill absorbed losses of about \$10 million when the value of the bonds fell in response to Texaco's bankruptcy filing.

Earlier last week, Merrill dismissed the head of its mortgage-backed securities trading desk, Howard Rubin. He had engaged in unauthorized trading, Merrill said, contributing to a \$250 million loss.

See BRAZIL, Page 13

Advertisement for ACTIBONDS INVESTMENT FUND S.A. Société Anonyme d'Investissement. Includes details about the fund and its management.



Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01-623-1277. Prices may vary according to market conditions and other factors.

Dollar Straights

Table of Dollar Straights bond prices, including columns for Issuer, Con Mat Price, Yld, and various bond types like Eurobonds and Eurodollars.

United Kingdom

Table of United Kingdom bond prices, listing issuers like Abbey Natl, Barclay's, and various government and corporate bonds.

Scandinavia

Table of Scandinavian bond prices, covering issuers from Denmark, Finland, and Sweden.

Supranational

Table of Supranational bond prices, including Council of Europe, EC, and other international organizations.

Japan

Table of Japanese bond prices, listing various Japanese government and corporate bonds.

Table of Eurobonds and Eurodollars, listing issuers like Council of Europe, EC, and various international banks.

Western Europe (Other)

Table of Western Europe (Other) bond prices, including issuers from Germany, France, and the UK.

DM Straights

Table of DM Straights bond prices, listing issuers like Amro Bank, Air Canada, and various European companies.

DM Zero Coupons

Table of DM Zero Coupons bond prices, listing issuers like Amro Bank, Air Canada, and various European companies.

ECU Straights

Table of ECU Straights bond prices, listing issuers like All Nippon Air, Amro Bank, and various European companies.

Chicago Exchange Options

Figures as of close of trading Friday, April 30

Table of Chicago Exchange Options, listing various call and put options for different currencies and commodities.

Euromarts At a Glance

Table of Eurobonds and Eurodollars, listing issuers like Council of Europe, EC, and various international banks.

Weekly Sales

Table of Weekly Sales, listing various financial products and their sales figures.

Libor Rates

Table of Libor Rates, listing various interest rates for different currencies and maturities.

Wall Street Review

Table of Wall Street Review, listing various stock market indicators and company performance.

NYSE Most Actives

Table of NYSE Most Actives, listing the most actively traded stocks on the New York Stock Exchange.

AMEX Most Actives

Table of AMEX Most Actives, listing the most actively traded stocks on the American Stock Exchange.

NYSE Diaries

Table of NYSE Diaries, listing various financial products and their sales figures.

AMEX Diaries

Table of AMEX Diaries, listing various financial products and their sales figures.

WestLB Fixed Income and Equities Trading - for dealing prices call: Dusseldorf, London, Luxembourg, Hong Kong

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# New International Bond Issues

Compiled by Laurence Desvillettes

Issuer	Amount (millions)	Mat.	Coups	Price	and week	Terms
<b>FLOATING RATE NOTES</b>						
M.I. Trust	\$250	2018	1/4	100	—	Over 3-month Libor. Collateralized mortgage obligations.
<b>FIXED-COUPON</b>						
Prudential Finance	DM 300	1997	6	100%	98.85	Noncallable. Fees 20%.
Western Australia Treasury	DM 100	1996	6	100	97.60	Noncallable. Fees 20%.
Air Products & Chemicals	\$ 50	1997	9 1/2	100%	97.13	Noncallable. Fees 20%.
GMAC U.K. Finance	£ 50	1992	9	101 1/4	99.25	Noncallable. Fees 10%.
Morgan Guaranty	£ 75	1992	9	101 1/4	99.38	Noncallable. Fees 10%.
National Westminster Bank	£ 100	1992	9	101 1/4	99.63	Noncallable. Fees 10%.
Slough Estate	£ 50	2007	10	97 1/2	95.25	Noncallable. 25% due on subscription and balance in Nov. Fees 20%.
Société Générale	£ 50	1992	9	101 1/4	99.38	Noncallable. Fees 10%.
Istituto Bancario San Paolo di Torino	m. 100,000	1992	10	101 1/4	—	Redeemable at par and callable at 100% in 1990. Fees 10%.
Bell Canada Enterprises	CS 150	1992	10	101	99.25	Noncallable. Fees 10%.
Banca Commerciale Italiana (London)	Aus 50	1991	14	101 1/4	98.88	Noncallable. Fees 10%.
Boyerische Vereinsbank Overseas	Aus 80	1996	13 1/2	101 1/4	99.63	Noncallable. Fees 20%.
Dresdner Finance	Aus 100	1991	13 1/2	101 1/4	99.63	Noncallable. Fees 10%.
DSL Bank	Aus 75	1992	13 1/2	102 1/4	99.75	Noncallable. Fees 2%.
Hessische Landesbank	Aus 50	1990	14	101 1/4	99.75	Noncallable. Fees 10%.
Swedish Export Credit	Aus 50	1989	14 1/2	101 1/4	99.88	Noncallable. Fees 10%.
WestLB Finance	Aus 50	1991	13 1/2	101 1/4	99.75	Noncallable. Fees 10%.
Belgium	¥ 45,000	1994	4 1/2	101 1/4	99.75	Noncallable. Fees 10%. Denominations 25 million yen.
Hokuriku Electric Power	¥ 20,000	1994	4 1/2	101 1/4	100.50	Noncallable. Fees 10%.
Oslo City	¥ 20,000	1997	4 1/2	101 1/4	99.38	Noncallable. Fees 2%.
<b>EQUITY-LINKED</b>						
Bilcher (J.) & Sons	\$ 27.5	2002	7	100	99.00	Callable at 101 in 1992. Convertible at \$14 per share. Fees 2%. Increased from \$25 million.
Chugoku Marine Paints	\$ 20	1992	2 1/4	100	97.50	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 390 yen per share and at 138.90 yen per dollar. Fees 20%.
Daijin Industries	\$ 100	1992	2 1/4	100	90.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 686 yen per share and at 139.95 yen per dollar. Fees 20%.
Fujitsu	\$ 300	1992	2	100	98.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 514 yen per share and at 138.90 yen per dollar. Fees 10%.
Gurze	\$ 100	1992	2	100	99.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 921 yen per share and at 140 yen per dollar. Fees 20%.
Marubeni	\$ 300	1992	2	100	97.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 514 yen per share and at 138.90 yen per dollar. Fees 20%. \$200 million issued in Europe and \$100 million issued in Asia.
Mitsubishi	\$ 600	1992	1 1/4	100	104 1/2	Each \$10,000 note with one warrant exercisable into company's shares of 1,415 yen per share and at 139.95 yen per dollar. Fees 20%.
Sumitomo Realty & Development	\$ 500	1992	1 1/4	100	—	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 1,415 yen per share and at 138.90 yen per dollar. Fees 10%.
Suzuki Motor	\$ 100	1992	2	100	—	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 551 yen per share and at 138.90 yen per dollar. Fees 20%.
Suzuton	\$ 20	1992	2 1/4	100	97.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 1,897 yen per share and at 141.75 yen per dollar. Fees 20%.
Tateho Chemical Industries	\$ 50	1992	2	100	104.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 1,753 yen per share and at 139.95 yen per dollar. Fees 20%.
Toyo Soda Manufacturing	\$ 150	1992	2	100	98.50	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 634 yen per share and at 138.90 yen per dollar. Fees 20%.
Yamato Transport	\$ 200	1992	open	100	97.25	Coupon indicated at 7%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 514 yen per share and at 138.90 yen per dollar. Fees 20%. Terms to be set May 6.
Life	ECU 40	1992	1 1/4	100	—	Each 5,000-ECU note with one warrant exercisable into company's shares of 555 yen per share and at 164.10 yen per ECU. Fees 20%.
<b>WARRANTS</b>						
Morgan Stanley Group	0.25	1988	—	\$20	—	Call warrants exercisable into U.S. Treasury's 10-year notes to be auctioned May 6.
Swedish Export Credit	0.15	1992	—	\$59	—	Call warrants giving the right to buy \$500 at 1.79 marks per dollar.

## U.S. Supercomputer Is So Fast it Can Melt

By Peter H. Lewis  
New York Times Service

**NEW YORK** — A new generation of supercomputer, so blazingly fast that it has to be dunked in liquid nitrogen to keep it from melting, was installed at Florida State University last week.

When it becomes fully operational later this year, the ETA-10 supercomputer, which is made by ETA Systems Inc. of St. Paul, Minnesota, will inherit the transitory title of the most powerful computer in the world.

In theory, it will be able to perform 10 billion calculations a second, 10 times the current limit, hurrying brute computational force against some of the most daunting problems in science and industry.

But perhaps more significantly, it marks ETA Systems' emergence as a formidable competitor in the tiny but exalted arena of supercomputing, which has long been dominated by Cray Research Inc., its cross-town rival, and several Japanese companies. ETA Systems Inc., which was formed in 1984, is a privately held subsidiary of Control Data Corp.

"We consider them serious competition," said a spokesman for Cray, "and they have produced a very strong machine. But the true test is what you can offer the user to a productive commercial environment, and we feel we're still very much the leader."

The ETA-10 is still in its testing phase. Joe Lannutti, director of the Supercomputer Computations Research Institute at Florida State, in Tallahassee, said the operating system, the software that determines how the \$12.5 million computer

handles its tasks "is not that sophisticated yet." Its use is limited because "it cannot yet serve multiple users on a network," he said, but 150 programmers at ETA Systems and Florida State are hoping to reach that goal this year.

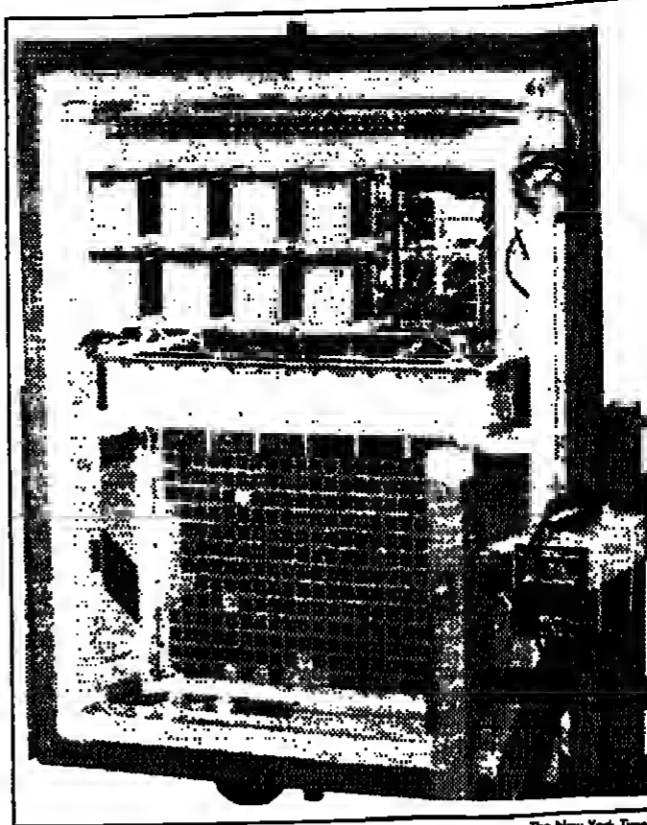
Still, Mr. Lannutti said, the new ETA machine represents an impressive advance in design. "They've taken a supercomputer that used to be the size of a couple of average-sized rooms here and collapsed it onto a board about the size of a newspaper," he said.

"We now have two boards suspended in a stainless steel tank of liquid nitrogen, which keeps them at minus 195 degrees centigrade [minus 382 Fahrenheit]," said Mr. Lannutti, a professor of high energy particle physics. "It looks sort of like a big toaster with two slots."

Two more boards, or central processing units, CPUs, will be installed at Florida State later this year. ETA Systems also has contracts with three other customers to supply systems that harness as many as eight such boards and range in cost from \$5.5 million to more than \$22 million.

Lloyd M. Thornydyke, president and chief executive of ETA Systems, drew this comparison of the ETA-10 and the company's most powerful previous supercomputer, the Cyber 205: "The CPU of the Cyber 205 is on 64 one-foot-square boards, containing 8,000 chips and embedded with 50 miles of wiring."

"Using new technology, we've put it all on one board measuring 16 inches by 22 inches, with 240 chips and the equivalent of one and a quarter miles of wiring," he said. "And it offers three times the performance."



The New York Times

Also, the ETA-10 has a vast internal memory capacity, up to 288 million "words" of 64 bits each. "This is enough space to hold the information contained in roughly 63 copies of the Manhattan white pages telephone directory," Mr. Thornydyke said.

The trick to getting fewer chips to do even greater work is called large-scale integration, or packing circuits much more densely on each chip's wafer of silicon.

There are fewer than 200 supercomputers installed in the world today, but analysts expect the number to swell to about 1,000 in the early 1990s. In the United States,

the government is the main buyer of supercomputers, using them for weapons design, large-scale economic modeling and other simulation tasks. Universities are another major market.

But supercomputers are increasingly being bought privately for commercial research in such areas as weather forecasting, designing aircraft and automobiles, finding more oil in existing reserves, biotechnology and chemistry, and even in movie making.

The Florida State group is working with companies to use supercomputers for design problems in fluid dynamics and other areas.

## Baker Orders Reduction in LADB Funds

New York Times Service

**WASHINGTON** — Treasury Secretary James A. Baker 3d has ordered a severe reduction in planned U.S. contributions to a major multinational lender to Latin America, according to Reagan administration officials and officials of the lender.

Mr. Baker sought the reduction because Latin members of the 44-nation Inter-American Development Bank rejected his demand that the United States, the bank's largest contributor, be granted almost veto authority over the loans that the bank makes to developing countries.

Officials of the bank, which is based in Washington with most of its 2,000 employees, and the Treasury seemed to see little room for compromise. "Not now," said Guido P. Osterhaus of West Germany, who is an executive director of the bank. "We have a deep crisis here."

In recent years, the Inter-American Development Bank has made loans of about \$3 billion annually and is the biggest lender of its kind to some of the smaller Latin countries. The bank is similar to two better-known multinational lenders, the World Bank and the International Monetary Fund, but it differs from them in that it is controlled by its client countries.

The United States, which provides 34.5 percent of the bank's funds, wants the rules changed so that a 35 percent vote could block a loan. That would mean that the United States would need the support of only one other contributor to veto any lending proposal.

## EUROBONDS: Japanese Likely to Be Cautious in U.S. Treasury Auction

(Continued from first finance page)

Management Corp. in New York, an adviser to Nippon Life Insurance Co., the largest in Japan. On Thursday, he said the Volcker and Nakasone comments were "good news to the bond market and the foreign exchange market, but I think both are temporary good factors."

He argued that investors would want to wait until after the auctions to see an improvement in the U.S. trade deficit, and in the giant federal budget deficit, which was threatening to accelerate inflation. He predicted that the dollar would fall to 135 yen if the March merchandise trade deficit is wider than the \$15.1 billion in February. A resurgence in inflation would require investors to get a 30-year bond yield of at least 8.75 percent.

"I believe there won't be heavy participation in the next auction by the Japanese," Mr. Tsuda contended. "If their participation rate exceeds 30 percent I would be surprised."

Mr. Tsuda also scoffed at the rumor that Japanese investors were feeling political pressure to buy heavily at the auctions, in support of Mr. Nakasone's U.S. visit to defuse trade and currency tensions. In this regard, the Western concept of Japan Inc., the industrial-political partnership, was misleading. "As far as I am concerned, there is no pressure," he said. "Investment decisions must be made by the corporate executives, not by the government."

Decisions to re-enter the Treasury market, albeit at bargain levels, could certainly be justified.

Much of the Japanese portfolio diversification has been channeled to the Tokyo stock market and into Japanese government bonds, as well as into international equities, Euroyen bonds and bonds in European currencies. But, insisted Mr. Asakura of Tujo Mutual, "We have to start to invest in the dollar because the other markets are too small" to accommodate huge investments without disrupting prices.

At the same time, Mr. Rosen-

berg, the Merrill Lynch economist, said that for Japanese investors taking a long-term market view, the returns on Treasuries would be substantial. Over the past seven years, he said, yields of 10-year U.S. government notes have exceeded those in Japan by an average

exchange rate of 140 yen, he said. "A 1 percent appreciation of the yen over the three-month period would wipe out the yield advantage of U.S. Treasuries." If U.S. bond prices fell relative to Japanese bonds, to produce even a 15-basis-point widening of the spread, the

yield advantage would also disappear.

Concerns about the auctions infected the Eurodollar-straight bond market to such an extent that there were no new issues last week. Seasoned bonds slipped 1/4 to 7/8 point in price, and yields on top-quality paper rose to 8.50 percent from 8.36 percent for five-year bonds, and to 9.15 percent from 9.03 percent for 10-year issues.

Yet such worries were a long way off from the sterling bond market, where dealers reported the Bank of England intervening on the foreign exchanges to push the pound down. Even so, the pound popped up to \$167.35 in New York on Friday from \$166 the previous week, buoyed by positive economic news and improved chances for a Conservative Party re-election. Against a basket of currencies, its trade-weighted index closed in London at 73.3, after hitting its highest level since mid-July last year of 73.4.

With the pound soaring, the likelihood of a further half-point cut in British banks' base rates to 9 percent propelled British government bonds higher. But investors in the Eurosterling market could afford to be selective, as eager underwriters launched six issues totaling \$375 million on generally slim yields.

Aside from an issue from Slough Estates PLC, with its coupon of 10 percent standing one percentage point above four of the other issues, "none of them has worked," said

one bond manager at a big international investment bank in London. In yen, too, "there's a lot of unsold paper," a new-issue manager at a large U.S. investment bank said. "That will have to get mopped up, but prices will improve" because of the strong currency and prospects of lower rates, he said.

Seven Eurobonds totaling 455 million Australian dollars also put a strain on this market, even though most of the issues were West German banks aiming their high-coupon offerings at loyal customers.

One of these issues, for 80 million dollars, was launched by Bayerische Vereinsbank with a nine-year maturity, compared with the two to five years normally used to limit investors' exposure to the volatile Australian currency. But this departure allowed the proceeds to be swapped with Western Australia Treasury Corp., which for its part launched a nine-year bond for 100 million Deutsche marks.

This offering in marks, and one for Britain's Prudential Assurance, were the first in this currency since April 2, and brought the month's total to only 1 billion DM. The market has been stable, but many borrowers have been waiting for lower market rates, especially in light of West Germany's pledge alongside Japan to stimulate its economy.

Some clues may emerge after this Thursday's meeting of the Bundesbank's Central Bank Council, which sets monetary policy. "Once the direction of interest rates is clear, I think there will be more issues," one West German banker said.

In the equity-linked market for Japanese borrowers, Mitsubishi Corp. set a new low coupon for dollar bonds with warrants to purchase shares, slashing the level by 1/2 percentage point to 1 1/2 on its record \$600 million offering. The change itself had little impact on the price, although after last week's downward correction in the Tokyo stock market, the bonds ended the week lower at 104 1/4, from 107 1/4 the previous Friday.

## EXPORTERS: South Korea, Taiwan Modify Policies

(Continued from first finance page)

major architect of the new policy. "We are looking for a basic change from the die-hard export policies we have used since the early 1960s."

South Korea's initiative comes only a year after the nation reported the first overall trade surplus to its history.

Reflecting the prevalence of heavy industry in the economy, export earnings have traditionally been offset by imports of intermediate goods, chiefly from Japan.

As a result, the nation carries a foreign debt of \$44.5 billion, the fourth largest in the developing world after Brazil, Mexico and Argentina. This alone puts pressure on it to export, compared with Taiwan, with negligible debt and massive foreign currency reserves.

Last year South Korea's current account, the widest measure of trade, showed a surplus of \$4.6 billion compared with a deficit of \$900 million in 1985, and included a \$7.3 billion surplus with the United States. The official target is to maintain a current account surplus of \$5 billion in coming years to underwrite import subsidies, soften the impact of market-opening measures and cut foreign debt roughly in half by 1991.

South Korea's goal is to hold down export growth to the level of overall economic expansion. Last year exports rose 35 percent, compared with 12.5 percent growth for the economy as a whole.

To achieve this balance, planners here are concentrating on demand expansion and are assigning currency appreciation a secondary place in their overall initiative. Reflecting long-held fears of an inflationary spiral, the government has also decided not to stimulate wage increases directly.

In contrast, Taiwan has allowed its currency to appreciate by almost 20 percent against the U.S. dollar since the five major Western industrialized countries agreed to push the dollar lower 19 months ago.

Taiwan's trade surplus reached \$16 billion last year, \$13.6 billion of which came from its U.S. trade. Yet its other chief concern is the efficient use of foreign reserves that have surged to \$56 billion and rank in the world's three biggest with West Germany's and Japan's. The threat of inflation stemming from this overhang is effectively forcing the conservative island nation to modernize its fiscal and currency-management policies.

Seoul has taken a more activist approach. Its recent initiative marks a significant triumph for a rising generation of technocrats who have attempted over the past several years to uproot a strain of protectionism that is deeply embedded in Korean culture.

Throughout the 1960s and 1970s, the government relentlessly portrayed import consumption as unpatriotic while raising export production to the level of national duty. National Export Day is still celebrated annually.

Conservative resistance to economic innovation, in industry and in the bureaucracies, is not expected to dissipate quickly in either nation.

Many South Koreans argue that the economic planning board, from which liberal technocrats wield their power, has acted too soon after the turnaround in the nation's trade account.

But despite some resistance, Taiwan and South Korea now appear determined to advance their economic strategies at a faster rate than Japan, the nation after which they have largely modeled themselves. South Korea, in particular, has long protested its reputation as "the second Japan" — a label often assigned to it by visiting executives and government officials.

"Everyone responsible for economic policy is aware of the dangers involved in this kind of image," said Young Sou Gil, a senior fellow at the Korea Development Institute, a government research center. "We all know how important it is for us to live up to our promises."

South Korea's goal is to hold down export growth to the level of overall economic expansion. Last year exports rose 35 percent, compared with 12.5 percent growth for the economy as a whole.

To achieve this balance, planners here are concentrating on demand expansion and are assigning currency appreciation a secondary place in their overall initiative. Reflecting long-held fears of an inflationary spiral, the government has also decided not to stimulate wage increases directly.

In contrast, Taiwan has allowed its currency to appreciate by almost 20 percent against the U.S. dollar since the five major Western industrialized countries agreed to push the dollar lower 19 months ago.

Taipei also plans to spend about \$500 million in the coming year on wage increases for civil servants, teachers and military personnel.



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## U.S. Consumer Rates

	May 1
10 Year Treasury	7.25%
30 Year Treasury	7.25%
Money Market Funds	—
Dow Jones Industrial Average	246 1/2
Dow Jones Chemical Index	24.5%
Dow Jones Utility Index	24.5%
Home Mortgages, FHA average	9.48%

Source: New York Times.





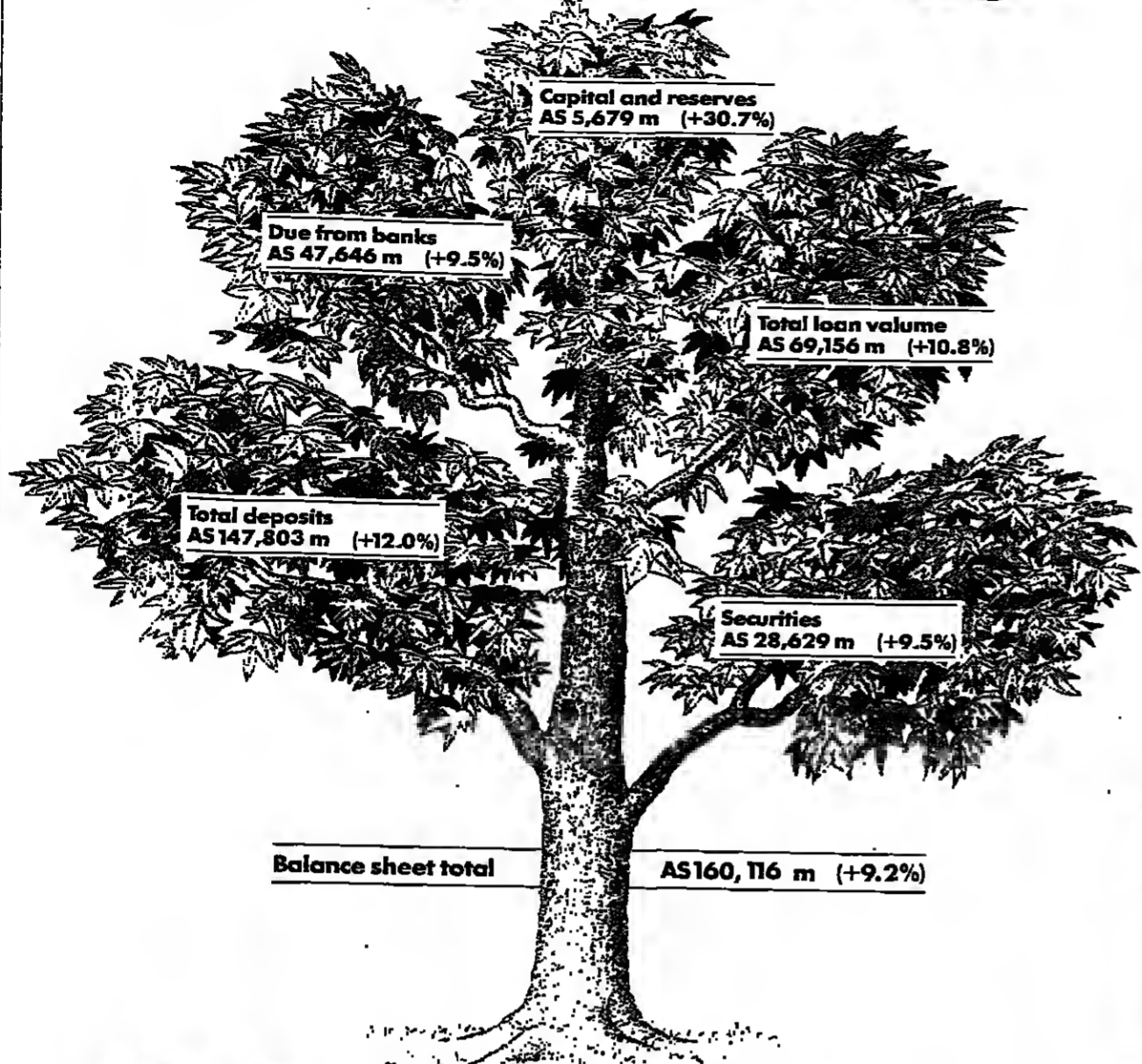






# GZB-VIENNA Balance Sheet '86

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## American Exchange Options

Figures as of close of trading Friday, April 30

Option & price	Call	Put	Option & price	Call	Put
IBM Jun 75	1.15	0.85	IBM Jun 75	1.15	0.85
IBM Jul 75	1.10	0.80	IBM Jul 75	1.10	0.80
IBM Aug 75	1.05	0.75	IBM Aug 75	1.05	0.75
IBM Sep 75	1.00	0.70	IBM Sep 75	1.00	0.70
IBM Oct 75	0.95	0.65	IBM Oct 75	0.95	0.65
IBM Nov 75	0.90	0.60	IBM Nov 75	0.90	0.60
IBM Dec 75	0.85	0.55	IBM Dec 75	0.85	0.55
IBM Jan 76	0.80	0.50	IBM Jan 76	0.80	0.50
IBM Feb 76	0.75	0.45	IBM Feb 76	0.75	0.45
IBM Mar 76	0.70	0.40	IBM Mar 76	0.70	0.40
IBM Apr 76	0.65	0.35	IBM Apr 76	0.65	0.35
IBM May 76	0.60	0.30	IBM May 76	0.60	0.30
IBM Jun 76	0.55	0.25	IBM Jun 76	0.55	0.25
IBM Jul 76	0.50	0.20	IBM Jul 76	0.50	0.20
IBM Aug 76	0.45	0.15	IBM Aug 76	0.45	0.15
IBM Sep 76	0.40	0.10	IBM Sep 76	0.40	0.10
IBM Oct 76	0.35	0.05	IBM Oct 76	0.35	0.05
IBM Nov 76	0.30	0.00	IBM Nov 76	0.30	0.00
IBM Dec 76	0.25	0.00	IBM Dec 76	0.25	0.00
IBM Jan 77	0.20	0.00	IBM Jan 77	0.20	0.00
IBM Feb 77	0.15	0.00	IBM Feb 77	0.15	0.00
IBM Mar 77	0.10	0.00	IBM Mar 77	0.10	0.00
IBM Apr 77	0.05	0.00	IBM Apr 77	0.05	0.00
IBM May 77	0.00	0.00	IBM May 77	0.00	0.00
IBM Jun 77	0.00	0.00	IBM Jun 77	0.00	0.00
IBM Jul 77	0.00	0.00	IBM Jul 77	0.00	0.00
IBM Aug 77	0.00	0.00	IBM Aug 77	0.00	0.00
IBM Sep 77	0.00	0.00	IBM Sep 77	0.00	0.00
IBM Oct 77	0.00	0.00	IBM Oct 77	0.00	0.00
IBM Nov 77	0.00	0.00	IBM Nov 77	0.00	0.00
IBM Dec 77	0.00	0.00	IBM Dec 77	0.00	0.00
IBM Jan 78	0.00	0.00	IBM Jan 78	0.00	0.00
IBM Feb 78	0.00	0.00	IBM Feb 78	0.00	0.00
IBM Mar 78	0.00	0.00	IBM Mar 78	0.00	0.00
IBM Apr 78	0.00	0.00	IBM Apr 78	0.00	0.00
IBM May 78	0.00	0.00	IBM May 78	0.00	0.00
IBM Jun 78	0.00	0.00	IBM Jun 78	0.00	0.00
IBM Jul 78	0.00	0.00	IBM Jul 78	0.00	0.00
IBM Aug 78	0.00	0.00	IBM Aug 78	0.00	0.00
IBM Sep 78	0.00	0.00	IBM Sep 78	0.00	0.00
IBM Oct 78	0.00	0.00	IBM Oct 78	0.00	0.00
IBM Nov 78	0.00	0.00	IBM Nov 78	0.00	0.00
IBM Dec 78	0.00	0.00	IBM Dec 78	0.00	0.00
IBM Jan 79	0.00	0.00	IBM Jan 79	0.00	0.00
IBM Feb 79	0.00	0.00	IBM Feb 79	0.00	0.00
IBM Mar 79	0.00	0.00	IBM Mar 79	0.00	0.00
IBM Apr 79	0.00	0.00	IBM Apr 79	0.00	0.00
IBM May 79	0.00	0.00	IBM May 79	0.00	0.00
IBM Jun 79	0.00	0.00	IBM Jun 79	0.00	0.00
IBM Jul 79	0.00	0.00	IBM Jul 79	0.00	0.00
IBM Aug 79	0.00	0.00	IBM Aug 79	0.00	0.00
IBM Sep 79	0.00	0.00	IBM Sep 79	0.00	0.00
IBM Oct 79	0.00	0.00	IBM Oct 79	0.00	0.00
IBM Nov 79	0.00	0.00	IBM Nov 79	0.00	0.00
IBM Dec 79	0.00	0.00	IBM Dec 79	0.00	0.00
IBM Jan 80	0.00	0.00	IBM Jan 80	0.00	0.00
IBM Feb 80	0.00	0.00	IBM Feb 80	0.00	0.00
IBM Mar 80	0.00	0.00	IBM Mar 80	0.00	0.00
IBM Apr 80	0.00	0.00	IBM Apr 80	0.00	0.00
IBM May 80	0.00	0.00	IBM May 80	0.00	0.00
IBM Jun 80	0.00	0.00	IBM Jun 80	0.00	0.00
IBM Jul 80	0.00	0.00	IBM Jul 80	0.00	0.00
IBM Aug 80	0.00	0.00	IBM Aug 80	0.00	0.00
IBM Sep 80	0.00	0.00	IBM Sep 80	0.00	0.00
IBM Oct 80	0.00	0.00	IBM Oct 80	0.00	0.00
IBM Nov 80	0.00	0.00	IBM Nov 80	0.00	0.00
IBM Dec 80	0.00	0.00	IBM Dec 80	0.00	0.00
IBM Jan 81	0.00	0.00	IBM Jan 81	0.00	0.00
IBM Feb 81	0.00	0.00	IBM Feb 81	0.00	0.00
IBM Mar 81	0.00	0.00	IBM Mar 81	0.00	0.00
IBM Apr 81	0.00	0.00	IBM Apr 81	0.00	0.00
IBM May 81	0.00	0.00	IBM May 81	0.00	0.00
IBM Jun 81	0.00	0.00	IBM Jun 81	0.00	0.00
IBM Jul 81	0.00	0.00	IBM Jul 81	0.00	0.00
IBM Aug 81	0.00	0.00	IBM Aug 81	0.00	0.00
IBM Sep 81	0.00	0.00	IBM Sep 81	0.00	0.00
IBM Oct 81	0.00	0.00	IBM Oct 81	0.00	0.00
IBM Nov 81	0.00	0.00	IBM Nov 81	0.00	0.00
IBM Dec 81	0.00	0.00	IBM Dec 81	0.00	0.00
IBM Jan 82	0.00	0.00	IBM Jan 82	0.00	0.00
IBM Feb 82	0.00	0.00	IBM Feb 82	0.00	0.00
IBM Mar 82	0.00	0.00	IBM Mar 82	0.00	0.00
IBM Apr 82	0.00	0.00	IBM Apr 82	0.00	0.00
IBM May 82	0.00	0.00	IBM May 82	0.00	0.00
IBM Jun 82	0.00	0.00	IBM Jun 82	0.00	0.00
IBM Jul 82	0.00	0.00	IBM Jul 82	0.00	0.00
IBM Aug 82	0.00	0.00	IBM Aug 82	0.00	0.00
IBM Sep 82	0.00	0.00	IBM Sep 82	0.00	0.00
IBM Oct 82	0.00	0.00	IBM Oct 82	0.00	0.00
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IBM Jan 83	0.00	0.00	IBM Jan 83	0.00	0.00
IBM Feb 83	0.00	0.00	IBM Feb 83	0.00	0.00
IBM Mar 83	0.00	0.00	IBM Mar 83	0.00	0.00
IBM Apr 83	0.00	0.00	IBM Apr 83	0.00	0.00
IBM May 83	0.00	0.00	IBM May 83	0.00	0.00
IBM Jun 83	0.00	0.00	IBM Jun 83	0.00	0.00
IBM Jul 83	0.00	0.00	IBM Jul 83	0.00	0.00
IBM Aug 83	0.00	0.00	IBM Aug 83	0.00	0.00
IBM Sep 83	0.00	0.00	IBM Sep 83	0.00	0.00
IBM Oct 83	0.00	0.00	IBM Oct 83	0.00	0.00
IBM Nov 83	0.00	0.00	IBM Nov 83	0.00	0.00
IBM Dec 83	0.00	0.00	IBM Dec 83	0.00	0.00
IBM Jan 84	0.00	0.00	IBM Jan 84	0.00	0.00
IBM Feb 84	0.00	0.00	IBM Feb 84	0.00	0.00
IBM Mar 84	0.00	0.00	IBM Mar 84	0.00	0.00
IBM Apr 84	0.00	0.00	IBM Apr 84	0.00	0.00
IBM May 84	0.00	0.00	IBM May 84	0.00	0.00
IBM Jun 84	0.00	0.00	IBM Jun 84	0.00	0.00
IBM Jul 84	0.00	0.00	IBM Jul 84	0.00	0.00
IBM Aug 84	0.00	0.00	IBM Aug 84	0.00	0.00
IBM Sep 84	0.00	0.00	IBM Sep 84	0.00	0.00
IBM Oct 84	0.00	0.00	IBM Oct 84	0.00	0.00
IBM Nov 84	0.00	0.00	IBM Nov 84	0.00	0.00
IBM Dec 84	0.00	0.00	IBM Dec 84	0.00	0.00
IBM Jan 85	0.00	0.00	IBM Jan 85	0.00	0.00
IBM Feb 85	0.00	0.00	IBM Feb 85	0.00	0.00
IBM Mar 85	0.00	0.00	IBM Mar 85	0.00	0.00
IBM Apr 85	0.00	0.00	IBM Apr 85	0.00	0.00
IBM May 85	0.00	0.00	IBM May 85	0.00	0.00
IBM Jun 85	0.00	0.00	IBM Jun 85	0.00	0.00
IBM Jul 85	0.00	0.00	IBM Jul 85	0.00	0.00
IBM Aug 85	0.00	0.00	IBM Aug 85	0.00	0.00
IBM Sep 85	0.00	0.00	IBM Sep 85	0.00	0.00
IBM Oct 85	0.00	0.00	IBM Oct 85	0.00	0.00
IBM Nov 85	0.00	0.00	IBM Nov 85	0.00	0.00
IBM Dec 85	0.00	0.00	IBM Dec 85	0.00	0.00
IBM Jan 86	0.00	0.00	IBM Jan 86	0.00	0.00
IBM Feb 86	0.00	0.00	IBM Feb 86	0.00	0.00
IBM Mar 86	0.00	0.00	IBM Mar 86	0.00	0.00
IBM Apr 86	0.00	0.00	IBM Apr 86	0.00	0.00
IBM May 86	0.00	0.00	IBM May 86	0.00	0.00
IBM Jun 86	0.00	0.00	IBM Jun 86	0.00	0.00
IBM Jul 86	0.00	0.00	IBM Jul 86	0.00	0.00
IBM Aug 86	0.00	0.00	IBM Aug 86	0.00	0.00
IBM Sep 86	0.00	0.00	IBM Sep 86	0.00	0.00
IBM Oct 86	0.00	0.00	IBM Oct 86	0.00	0.00
IBM Nov 86	0.00	0.00	IBM Nov 86	0.00	0.00
IBM Dec 86	0.00	0.00	IBM Dec 86	0.00	0.00
IBM Jan 87	0.00	0.00	IBM Jan 87	0.00	0.00
IBM Feb 87	0.00	0.00	IBM Feb 87	0.00	0.00
IBM Mar 87	0.00	0.00	IBM Mar 87	0.00	0.00
IBM Apr 87	0.00	0.00	IBM Apr 87	0.00	0.00
IBM May 87	0.00	0.00	IBM May 87	0.00	0.00
IBM Jun 87	0.00	0.00	IBM Jun 87	0.00	0.00
IBM Jul 87	0.00	0.00	IBM Jul 87	0.00	0.00
IBM Aug 87	0.00	0.00	IBM Aug 87	0.00	0.00
IBM Sep 87	0.00	0.00	IBM Sep 87	0.00	0.00
IBM Oct 87	0.00	0.00	IBM Oct 87	0.00	0.00
IBM Nov 87	0.00	0.00	IBM Nov 87	0.00	0.00
IBM Dec 87	0.00	0.00	IBM Dec 87	0.00	0.00
IBM Jan 88	0.00	0.00	IBM Jan 88	0.00	0.00
IBM Feb 88	0.00	0.00	IBM Feb 88	0.00	0.00
IBM Mar 88	0.00	0.00	IBM Mar 88	0.00	0.00
IBM Apr 88	0.00	0.00	IBM Apr 88	0.00	0.00
IBM May 88	0.00	0.00	IBM May 88	0.00	0.00
IBM Jun 88	0.00	0.00	IBM Jun 88	0.00	0.00
IBM Jul 88	0.00	0.00	IBM Jul 88	0.00	0.00
IBM Aug 88	0.00	0.00	IBM Aug 88	0.00	0.00
IBM Sep 88	0.00	0.00	IBM Sep 88	0.00	0.00
IBM Oct 88	0.00	0.00	IBM Oct 88	0.00	0.00
IBM Nov 88	0.00	0.00	IBM Nov 88	0.00	0.00
IBM Dec 88	0.00	0.00	IBM Dec 88	0.00	0.00
IBM Jan 89	0.00	0.00	IBM Jan 89	0.00	0.00
IBM Feb 89	0.00	0.00	IBM Feb 89	0.00	0.00
IBM Mar 89	0.00	0.00	IBM Mar 89	0.00	0.00
IBM Apr 89	0.00	0.00	IBM Apr 89	0.00	0.00
IBM May 89	0.00	0.00	IBM May 89		



BRAZIL: Party Problems May Restrict Finance Minister

(Continued from first finance page)

announced an 8.49 percent devaluation of the cruzado to spur exports and to try to boost Brazil's flagging trade surplus over \$8 for 1987.

Forecasts are for a 17 percent inflation rate this month alone, and Mr. Bresser Pereira has said that high inflation will have to be tolerated for a while to allow prices to find equilibrium after last year's freeze. But he supports a freeze at some time in the future.

While ruling out a formal agreement with the International Monetary Fund, he has offered to provide monthly or quarterly economic targets to meet the concerns of foreign bankers.

Like Dilsoo Fumaro, the hard-liner who resigned as finance minister on April 26, Mr. Bresser Pereira is insisting that any debt-rescheduling agreement with foreign banks include a large reduction in annual interest payments.

But Mr. Bresser Pereira's apparent willingness to compromise raises hopes that he will be able to ease strained relations with foreign banks and build a political consensus at home for the austere economic measures.

It may be that Bresser Pereira will have to wait for inflation to get even higher before the Democratic Movement Party allows him space to do more, said Carlos Geraldo Langoni, a former Brazilian central bank president.

The drama of finding a new finance minister seemed to confirm the view of many commentators that Brazil's current crisis is less rooted in the economics of control-



Lutz Carlos Bresser Pereira

ling inflation than in the politics of the Democratic Movement.

Since scoring a landslide victory in congressional and gubernatorial elections in November, the party has fallen into internal power struggles and standoffs with the president.

After talks with Mr. Sarney after Mr. Fumaro's resignation, the party's president, Ulysses Guimarães, said he thought an understanding had been reached for the social security minister, Raphael de Al-

meida Magalhães, to take over the Finance Ministry.

Instead, Mr. Guimarães learned last Monday that Mr. Sarney had offered the job to Tasso Jereissati, 38, a businessman recently elected governor of Ceará, next to Mr. Sarney's own home state of Maranhão in the Northeast.

But Mr. Guimarães mustered party forces against Mr. Sarney's choice, forcing him to pick Mr. Bresser Pereira.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Table with multiple columns listing various stocks and their trading data, including bid, ask, and volume.

FINANCE: Sector Is Growing Target in Trade Dispute

(Continued from first finance page)

government securities, according to the Japanese Securities Dealers Association.

Moreover, two of Japan's Big Four, Nomura Securities Co. and Daiwa Securities Co., have been admitted to the elite group of 40 primary dealers who buy U.S. government securities directly from the New York Federal Reserve Bank, the Federal Reserve system's arm in the securities market.

Their influence will likely continue to expand, Japanese securities firms are steadily increasing the size of their U.S. subsidiaries, expanding their scope of activities to include investment banking services.

They have also come a long way in improving their stock trading and research capabilities. Net equity purchases by Japanese investors totaled \$3.3 billion last year, compared with \$281 million in 1985.

At the same time, Japanese commercial banks are enlarging their loan portfolios in the United States. Along with Japanese insurance companies, they also seem especially keen on acquiring cheap dollar assets. Last March, Nippon Life Insurance, Japan's largest life insurer, paid \$538 million for a 13 percent stake in Shearson Lehman Brothers. This followed Goldman Sachs' decision to sell 12.5 percent of its equity to Sumitomo Bank.

While it is generally acknowledged by Japanese executives that they still lag their American counterparts in market technology and expertise, most believe it is a matter of time before they gain equal footing.

They already have made a point of hiring top local talent. Stephen H. Axilrod, a former Fed economist who was considered a key staff member of the central bank, has joined Nikko's U.S. subsidiary as vice chairman. Scott Pardee, former head of the New York Fed's foreign exchange dealings, now works for Yamachi.

"We have the capital, and we can use that capital to catch up," said Mr. Mori.

The Japanese are quick to note that the strength should be measured in global terms. Nomura's capital base is equivalent to \$6 billion, making it the biggest securities firm in the world.

Compared with this degree of penetration, U.S. firms remain largely outsiders in Japanese financial circles. Only six foreign firms, including Merrill Lynch, Morgan Stanley and Goldman Sachs, have been admitted to the Tokyo Stock Exchange.

When it comes to the Japanese government bond market, U.S. companies complain about a discriminatory allotment system. With the equivalent of about \$900 billion worth of outstanding securities, the Japanese market is the second and largest after the U.S. Treasury

market. But U.S. firms distribute less than 6 percent of new long-term issues, despite their powerful presence in the secondary market.

Such limited access clearly angers executives at U.S. financial firms. Yet, unlike their counterparts in the manufacturing sector, they have maintained a public silence, a tactic that has cost them influence in Washington but allows them to remain on friendly terms with the Japanese.

Quiet diplomacy, they argue, is the best way to deal with the Japanese government, and they cite the embarrassing lesson learned by

would strip Japanese firms of the primary dealer status they received last year unless U.S. firms are assured similar treatment in Japan.

"It's a shot across the bow," said Representative Charles E. Schumer, a Democrat of New York, who proposed the measure. It's not intended to be punitive. They have a clear advantage, and we want to see some reciprocity from the Japanese."

The tougher mood in Congress has unsettled the Japanese firms. Mr. Mori believes part of the reason that his company failed to win primary dealer status late last year had to do with the hostile mood in Congress.

In recent weeks, the Japanese government has given indications that some barriers may be lowered. Late last month, the Finance Ministry allowed Japanese institutions to trade directly in foreign financial futures and options markets, a move that could add billions of dollars to the daily volume of U.S. futures exchanges.

The announcement came a week after a congressional delegation that included Mr. Morrison and Mr. Schumer met in Tokyo with Mr. Nakasone, Finance Minister Kiichi Miyazawa, Satoshi Sumita, governor of the Bank of Japan, and other high ranking officials to discuss greater access.

Although the Japanese said many of the demands by foreigners were under study, participants in the private talks said the congressman came away with some assurances.

The stock exchange, they said, agreed to admit more foreign members by January. That would allow firms to begin trading next May, six months earlier than expected. Senior Japanese officials also said they would consider adopting a modified auction system for the less popular six- and eight-year government bonds, which would allow a greater foreign role.

In the meantime, Congressional pressure is mounting, and some legislators are talking about a broad reciprocity bill that would directly tie the expansion of Japanese financial concerns in the United States to the progress of U.S. firms in Tokyo.

"You won't see a dirty public fight because too much saber-rattling would put too much business in jeopardy."

—Rodney Schwartz, Paine Webber analyst

Britain. Last month, the Thatcher government threatened to exclude Japanese firms from London's booming financial markets, but has since backed away after realizing that such a ban would end up harming Britain's financial community.

"You won't see a dirty public fight because too much saber-rattling will have a negative effect," said Rodney Schwartz, an analyst who tracks Wall Street firms for Paine Webber. "That would put too much business in jeopardy."

The strategy pursued by U.S. firms was best illustrated last December when the Fed decided to grant primary dealer status to Japanese firms, allowing them to deal directly in the bond market with the New York Fed. Salomon Brothers, the only U.S. securities firm to offer an official comment, praised the decision. Salomon's Japanese unit is the biggest securities firm in Japan after the Big Four, but has yet to win a seat on the Tokyo Stock Exchange.

Wall Street executives believe this low-key approach will eventually be rewarded with greater access in Tokyo. Moreover, it may also facilitate additional Japanese capital infusions similar to the agreements by Goldman Sachs and Shearson Lehman to sell equity stakes.

Several Japanese financial institutions, including Dai-ichi Kangyo Bank, with \$253 billion in assets, are thought to be looking for such participation. Analysts believe Merrill Lynch, First Boston and E.F. Hutton are among the firms that would welcome such a link.

Still, Wall Street has given quiet encouragement to Congress to step up pressure on the Japanese. The trade bill adopted by the House last week includes a measure that

Treasury Bonds

Table with columns for Maturity, Bid, Ask, Yield, and Wk. ago.

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INTERNATIONAL POSITIONS

Table with columns for TITLE, SALARY, and EMPLOYER.

If you haven't seen last week's INTERNATIONAL POSITIONS rubric, please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBUNE, 92521 Neuilly Cedex, France. Tel: (7) 46.37.93.81. Telex: 613395



SPORTS

SPORTS BRIEFS

Mansell Wins San Marino Grand Prix Easily

IMOLA, Italy (UPI) — Briton Nigel Mansell drove his Williams-Honda to a textbook victory in Sunday's San Marino Grand Prix to take the lead in the Formula One world drivers' championship.

Mansell, who finished sixth in the season-opening Brazilian Grand Prix, took command on the second lap of the 183.4-mile (295.2-kilometer) race.

Mansell, whose last victory came Sept. 21, 1986, at the Portuguese Grand Prix, clocked a winning time of 1 hour, 31 minutes and 24.076 seconds for an average speed of 120.429 mph. He built up his lead with a controlled drive on a circuit noted for the heavy fuel consumption demands it puts on cars.

Pole-sitter Ayrton Senna, in a Lotus-Honda, was second in 1:31:51.621. Michele Alboreto brought local favorite Ferrari third in 1:32:03.220.

Mansell now has 10 points, one more than McLaren driver and defending World Champion Alain Prost, whose alternator failed on the 15th lap as he stood second.

"Both the alternator, and before that the engine, were giving me trouble," Prost said. "But it could have been much worse if [Williams driver] Nelson Piquet had been racing." Piquet sat it out Sunday because doctors ruled him unfit to compete after a 136-mph crash during Friday's practice.

4 Tied for Las Vegas Golf Lead at 11-Under

LAS VEGAS (UPI) — Hal Sutton, Kenny Perry, Ken Brown and Dan Pohl shared the lead at 11-under-par 205 after Saturday's third round of the Las Vegas Invitational golf tournament.

Starting the day two strokes behind Larry Rinker, Friday's leader, Sutton shot an up-and-down 72 (four birdies, a bogey and a double-bogey). Pohl's 65 included six birdies and two bogeys (3.65 meters) or less. Brown, a Briton, and Perry both shot 70s. One shot off the pace were David Frost, Curtis Strange and Andrew Magee. After rounds of 65 and 66, Rinker hallooed to 78/209.

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'Sonics Surprise Rockets; Hawks Eliminate Pacers

HOUSTON — Dale Ellis scored 34 points, the last on a three-point jump shot with 14 seconds left in

Canadiens, Flyers in NHL Semis

NEW YORK — The Montreal Canadiens and Philadelphia Flyers survived second-round scares and advanced to the semifinals of the National Hockey League playoffs.

In decisive seventh games Saturday night, Montreal beat Quebec, 5-3, and Philadelphia ripped the New York Islanders, 5-1. The Canadiens rallied from a 2-0 deficit in the Adams Division final against the Nordiques; the Flyers won Game 7 after squandering a 3-1 lead in the Patrick Division final.

The last semifinal participant was to be determined Sunday, when Toronto faced the Red Wings in Game 7 of the Norris Division final (the winner will meet the Smythe Division-champion Edmonton Oilers).

In Philadelphia, Brian Propp and Brad Marsh scored short-handed goals 44 seconds apart in the first period to help the Flyers prevent New York from becoming the fourth team in NHL history to come back from a 3-1 playoff deficit. In Montreal, Ryan Walter scored two goals, including one short-handed, to trigger a five-goal second period that propelled Montreal.

over time Saturday, to give the Seattle SuperSonics a 111-106 victory over the Houston Rockets and a 1-0 lead in their Western Conference semifinal of the National Basketball Association playoffs.

On Friday night, Dominique Wilkins made certain that the Indiana Pacers season ended and Charles Barkley helped prolong teammate Julius Erving's career by at least one more game.

The shot by Ellis, who sparked Seattle's 3-1 upset of the Dallas

NBA PLAYOFFS

Mavericks in the first playoff round, eliminated the Rockets' home-court advantage. The second game of the series is to be played Tuesday night in Houston.

Tom Chambers scored 9 of his 24 points in overtime to help Seattle build a 106-100 lead. Alkeem Olajuwon, who led the Rockets with 28 points, sank consecutive shots to make it 106-104 before Ellis ensured victory and Chambers got the final points on a break-away dunk off an in-bounds play.

"I had a hot hand," Ellis said, adding that "for a team that wasn't supposed to be here, we've got a lot of confidence. We're going to have to continue to play this way if we're going to win. We're playing on guts."

Hawks 101, Pacers 97: In Indianapolis, Wilkins scored 30 points, 14 in the fourth period, as Atlanta advanced to an Eastern Conference semifinal series against the Detroit Pistons by winning this best-of-five series, three games to one.

After being dominated by Pacer rookie Chuck Person most of the game, Wilkins won a crucial one-on-one battle after the Pacers had



Dominique Wilkins, right, who scored 30 points, got a hug from teammate Randy Whitman after Atlanta won, 101-97.

ried at 93-93 on John Long's jumper with 2:03 to play. Wilkins rebounded a missed free throw and scored, then stole the ball from Person, forced a foul and made two free throws for a 97-93 lead with 1:15 left.

Person, a favorite for NBA rookie of the year, scored 40 points. '76ers 124, Bucks 118: In Philadelphia, Barkley got 25 points and 13 rebounds in helping beat Milwaukee, evening that series at two victories each.

Erving, who has announced that he will retire at the end of the '86-'87 season, scored 22 points as his team rallied from a 17-point deficit in the second quarter. Barkley got 12 of his points in the fourth quarter. Warriors 98, Jazz 94: In Oakland, California, Purvis Short, who scored 32 points, rallied Golden State from a 15-point deficit in the third period to a 2-2 tie with Utah in their series.

That put the Warriors one game away from becoming the second team in NBA history, and the first in 31 years, to come back from a 0-2 deficit to win a best-of-five playoff.

WORLD STOCKS IN REVIEW / Via Agence France-Press

Amsterdam

Investors on the Amsterdam stock exchange were extremely cautious last week amid the continuing decline of the dollar and U.S.-Japanese trade friction.

After a slow start on Monday, when the ANP-CBS General Index fell from 284 on April 24 to 278.4, trading firmed on Tuesday, taking the index to 280.2.

The bleak message contained in the annual report of the Dutch central bank and an announcement by Philips NV of a worldwide issue of 20 million shares slightly dampened enthusiasm on Wednesday.

Trading remained subdued the rest of the week, with the market shut Thursday for a local holiday and because of Friday's May Day holiday in other European countries.

Turnover totaled 3.858 billion guilders, up from 3.511 billion the previous week.

Frankfurt

The weakness of the dollar during four days of trading depressed sentiment on the Frankfurt stock exchange where values fell an average of 3 percent.

Some analysts also attributed the mood to the financial difficulties of the iron and steel group Klockner-Werke, after a decision by its subsidiary Maxhuette to file for bankruptcy.

The Commerzbank Index fell 18.2 points to 1,785.2, with transactions over a holiday-shortened week totaling 9.668 billion Deutsche marks, down from 11.730 billion DM last week.

Gains were minimal. In the automobile section, BMW gained DM to reach 566, Daimler advanced 2.50 DM to 990.50 but Volkswagen fell 3.5 DM to 344.50.

Among electronics companies, only AEG advanced, moving up 2 DM to 341.50. Siemens fell 2.20 DM to 700.30.

Banks, with the exception of Dresdner, which lost 4.5 DM, were well supported. Commerzbank rose 5 DM and Deutsche Bank 5.70.

Hong Kong

Hong Kong stocks fell heavily early in the week on fears that the local currency would be revalued against the U.S. dollar, but confident buying saw much of the lost ground made up by the close of trading Friday.

The Hang Seng Index closed at 2,685.37, down a relatively modest 22.24 points.

Confidence was restored Thursday on news that Cheung Kong had arranged financing for its 43 percent acquisition in Husky Oil Co. of Canada. The advance continued more modestly on Friday, with bargain hunters convinced that local interest rates would not rise.

London

Equities reached new highs last week, as initial nervousness prompted by heavy falls in Tokyo and Wall Street later gave way to optimism fueled by a half-point cut in British interest rates to 9.5 percent.

Sentiment was also bolstered by a confident report on industrial trends by the Confederation of British Industry and better than expected British trade figures for March.

The Financial Times industrial share index closed up 46 points on the week at 1,626.9, a record high. The more widely based FT-SE index also improved on its previous record ending up 67 points at 2,068.5. The number of transactions rose to 196,071 from 156,141.

Milan

Milan stocks reacted favorably to news that general elections have been scheduled for June 14, and the COMIT Index closed Thursday up 0.76 percent, to 767.34 points.

The election announcement came after two months of crisis in which leading politicians were asked to form a government to succeed the five-party coalition headed by the Socialist leader, Bettino Craxi.

Volme was slightly down on the previous week, and totaled 800 billion lire. Blue chips dominated the market. Fiat closed the week 0.94 percent up, and Mediobanca gained 0.51 percent, to reach a new record.

Paris

The Paris stock exchange managed to withstand the effects of a sharply weaker dollar last week, although market indices fell around one percent.

The CAC index finished the week lower on Thursday at 453.6, from 456.9 the previous Friday.

Analysts said the Paris market continued to benefit from robust domestic and foreign support for the government's denationalization efforts.

Additional support came from strong corporate results, notably Peugeot, which is now recording a profit and will distribute a dividend this year for the first time since 1981.

Singapore

The outcome of the United Malays National Organization elections in Malaysia and uncertainty in the international currency market took the edge off the Singapore stock market last week.

The resignations of two cabinet ministers and the firing of three others in Kuala Lumpur after the elections in the Malaysia's dominant political party saw Malaysian stocks become the main attraction for bargain hunters.

Turnover was fairly heavy with 193 million units changing hands during the week. Total value stood at 331.3 million Singapore dollars.

The Straits Times industrial index fell 10.33 points to 1,127.43.

Tokyo

Share prices on the Tokyo Stock Market soared amid widespread bargain hunting Saturday, enabling the Nikkei average to regain the 24,000-year level for the first time in six sessions.

The closely watched 225-share market barometer ended the week at 24,009.03, an increase of 328.14 from Friday's close.

The week started badly Monday, when the Nikkei suffered a record one-day loss of 831.32 that was triggered by the yen's unprecedented low against the dollar, which would hurt exports.

The market will be closed on Monday and Tuesday this week for national holidays.

Zurich

Share prices declined last week in Zurich, where in trading from Tuesday to Thursday the SBS index fell to 621.7 from 623.7 on April 24.

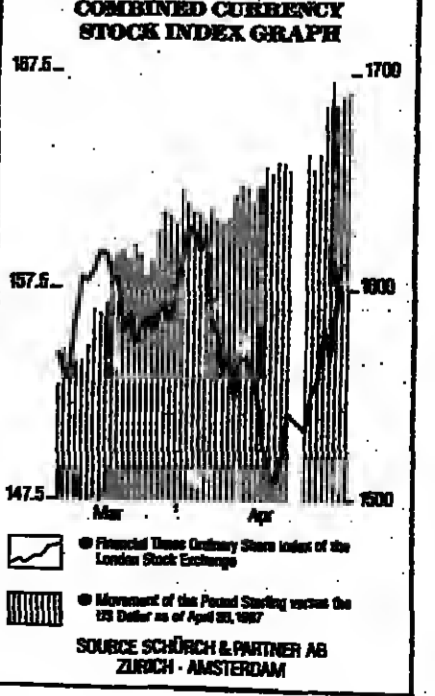
Foreign investors, notably from the United States, continued to sell Swiss shares to take currency gains. Analysts said that the fall of the dollar did not appear to have been checked and that it was therefore difficult to foresee an improvement this week.

Banks were irregular, with Union Bank of Switzerland gaining 55 Swiss francs to reach 4,630, and Swiss Bank Corp. dropping 10 francs to 432.

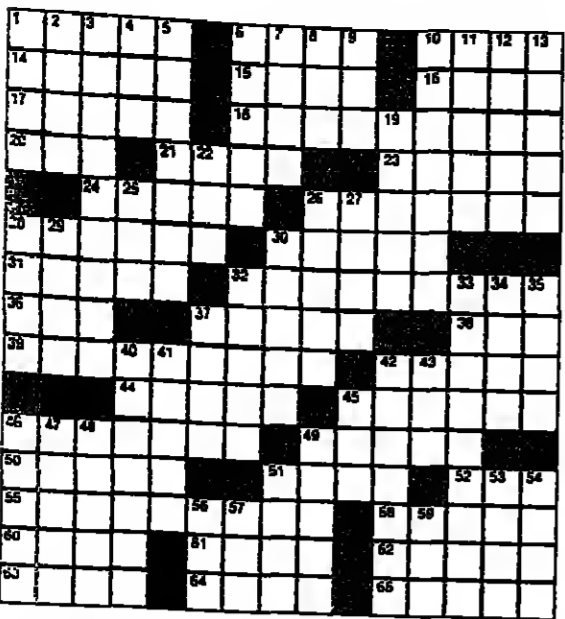
Finance companies were slightly weaker, as Electrowatt slipped 20 francs to 3,600. In the insurance section, Swiss Reassurance bearer shares were down 150 francs to 15,700, but Zurich Insurance bearer shares advanced 25 francs to 7,200.

Industrials were also mixed. Brown, Boveri fell 40 francs to 1,830 while Fischer gained 50 francs to reach 1,780. Ciba-Geigy bearer shares, in the chemical section, dropped 70 francs to 3,080 but Sandoz bearer shares put on 200 francs to end the week at 11,700.

COMBINED CURRENCY STOCK INDEX GRAPH



Source: Schuch & Partner AG, Zurich - Amsterdam



ACROSS

- 1 Boggled down
2 Fire, to a dam
10 Lights-out signal
14 Character in 'The Sea Gull'
15 Sen. Cranston
16 'I cannot tell
17 U.K. laborer
18 He was deprived of the Triple Crown by Amberoid Gunpowder or Twankay
21 Seattle
23 Hostess Perle
24 Deserves
26 He deprived Spectacular Bid of the Triple Crown
28 Highest point
29 Eschey
31 Jockey
32 Winner of 100th Kentucky Derby
36 Gerundial ending
37 Carpent's hand saw
38 Gibbon
39 He deprived 3 Down of the Triple Crown
42 Instrument for Nero
44 Subordinate to

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DENNIS THE MENACE



SURE, OL' RUFF CHASES CATS, BUT HE'S NOT DUMB ENOUGH TO CATCH ANY.

JUMBLE

Unscramble these four jumbles, one letter to each square, to form four ordinary words.

Word puzzle grid with words HECKT, NARFC, ZYNEEM, NAIFEL and a cartoon illustration of a man and a woman.

Print answer here:
Answers tomorrow: Thursday's Jumbles: SQUAB ABBOT ENDURE BRUTAL Answer: What you might call a guy who never says what he owes - A 'DEBT' BEAT

WEATHER

Table with columns for EUROPE, ASIA, AFRICA, LATIN AMERICA, NORTH AMERICA, MIDDLE EAST, OCEANIA and weather forecasts for various cities.

MONDAY'S FORECAST - CHANNEL: Rough, FRANKFURT: Cloudy, Temp. 5-14; LONDON: Cloudy, Temp. 5-14; MADRID: Cloudy, Temp. 5-14; NEW YORK: Partly Cloudy, Temp. 50-60; PARIS: Partly Cloudy, Temp. 5-14; ROME: Showery, Temp. 50-60; SINGAPORE: Partly Cloudy, Temp. 80-90; SYDNEY: Partly Cloudy, Temp. 60-70; TOKYO: Partly Cloudy, Temp. 60-70.

Solution to Thursday's Puzzle

A grid puzzle solution with words like BIAS, ABEL, VAIL, LIRE, GUILP, EMIL, ALEXANDER, ROLL, SETTLE, VICTORIA, TRIFLE, ELGIN, etc.

Quotable

Lary Bowa, manager of the 6-19 San Diego Padres, explaining why he wore a heavy warmup jacket while pitching batting practice on a hot evening before a recent home game: 'I was trying to have a stroke. It didn't work.'

PEANUTS



BLONDIE



BEEBLE BAILEY



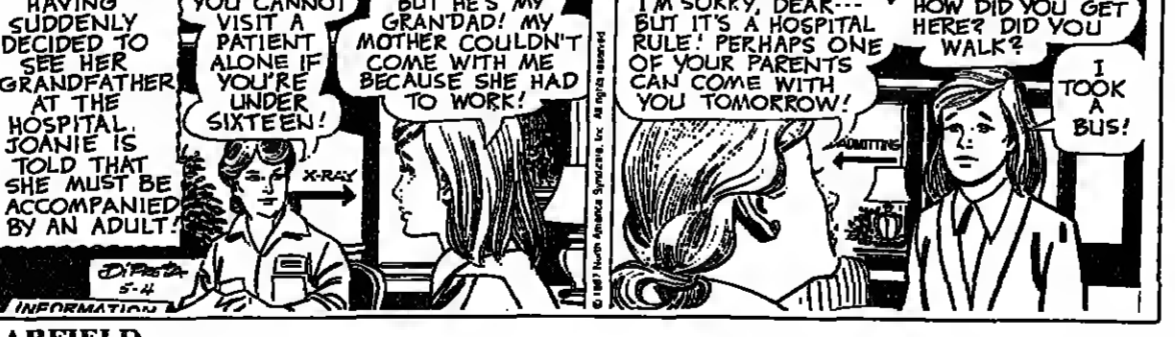
ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



Rovals

SCORES

Handwritten signature 'Jrey, co. 1150'

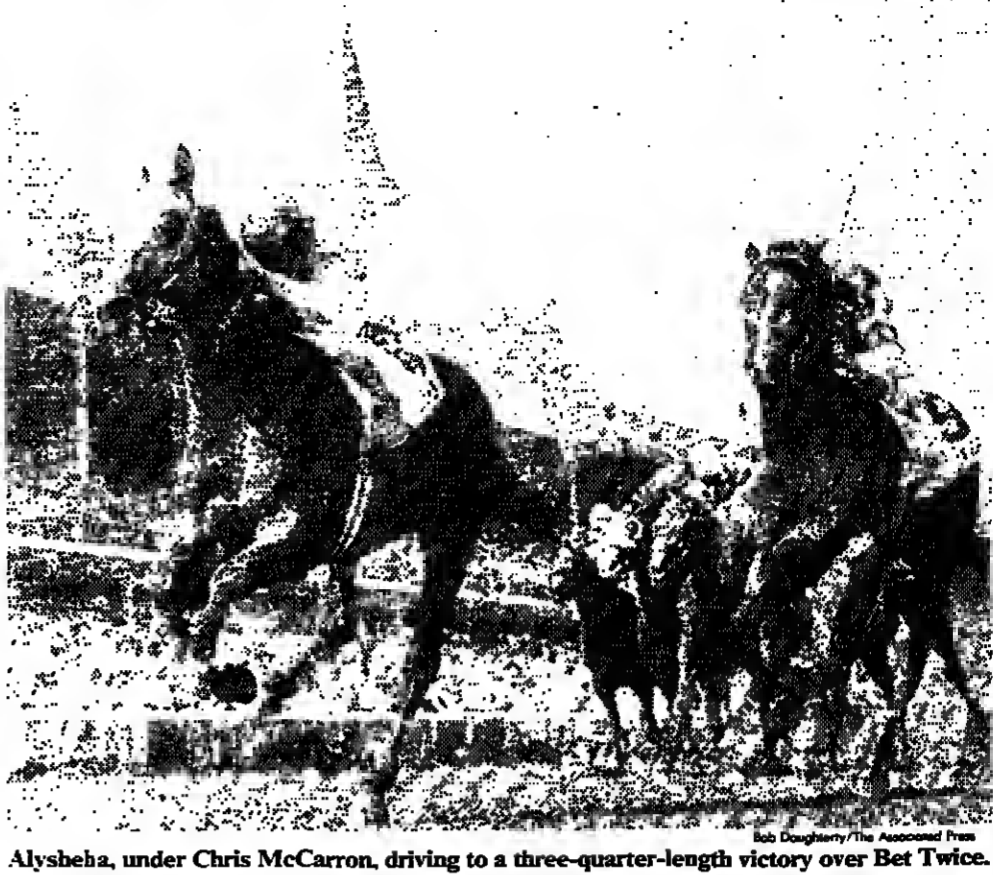


SPORTS

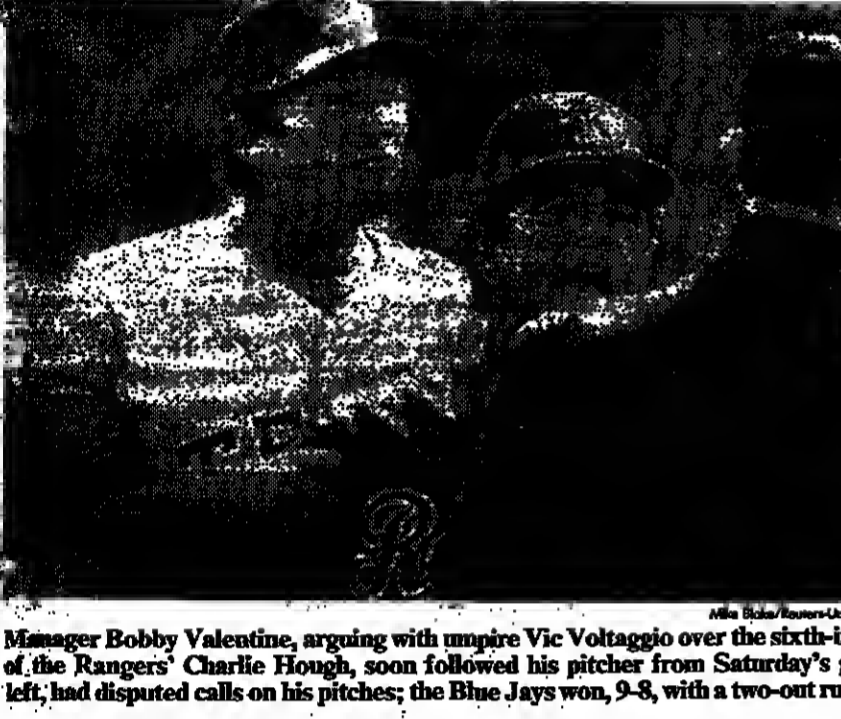
Alysheba, Tough in the Stretch, Wins Kentucky Derby

By Andrew Beyer
Washington Post Service
LOUISVILLE, Kentucky — In a Kentucky Derby filled with misfortune, Alysheba came close to suffering the worst disaster of all. As he turned into the stretch on Saturday, the horse in front of him, Bet Twice, swerved into his path and Alysheba's legs buckled.

But his greatest foe kept eluding him. It was the first Derby victory in six tries for Van Berg, a 50-year-old hall of fame whose late father, Marion, also a hall of fame trainer, failed in his only Derby bid in 1960. McCarron has been one of the country's preeminent riders for years, but had always missed here. His memories of this triumph will always be somewhat scary, though.



Alysheba, under Chris McCarron, driving to a three-quarter-length victory over Bet Twice.



Manager Bobby Valentine, arguing with umpire Vic Voltaggio over the sixth-inning ejection of the Rangers' Charlie Hough, soon followed his pitcher from Saturday's game. Hough, left, had disputed calls on his pitches; the Blue Jays won, 9-8, with a two-out run in the ninth.

Raines Rejoins Expos in Grand Form: Slam Beats Mets in 10th

Compiled by Our Staff From Dispatches
NEW YORK — Tim Raines, playing in his first game after resigning with the Montreal Expos, hit a grand slam home run Saturday that rallied the Expos to an 11-7 victory over the New York Mets.

free agent when he rejected an offer by the Expos Jan. 8, said, "Frankly, I'm in the best shape I've been in in a couple of years" because "I dedicated myself to getting ready" by working out at home in Sarasota, Florida.

Royals Shut Out 7th Time, Indians Winning by 2-0 on Homer

United Press International
KANSAS CITY, Missouri — Mark Gubicza allowed just six hits and two runs over 8 1/2 innings Friday night, but that was too much for the Kansas City Royals' analytic offense to make up for as Mel Hall hit a two-run home run to give the Cleveland Indians a 2-0 victory.

4 Free Agents Return to Fold

Compiled by Our Staff From Dispatches
NEW YORK — Baseball free agents Tim Lincecum, Ron Givney, Ben Boone and Rich Gedman have returned to their 1986 clubs.

Swedes Win World Hockey Title

The Associated Press
VIENNA — Sweden won the world ice hockey title here Sunday by beating Canada, 9-0, while the defending champion Soviet Union edged Czechoslovakia by 2-1.

SCOREBOARD

Table with columns for Baseball, Basketball, Hockey, and European Soccer. Includes sub-sections for Friday's and Saturday's Major League Line Scores, National Basketball Association Playoffs, NHL Divisional Finals, and NHL Playoff Schedule.

Horse Racing

Table for 1987 Kentucky Derby listing race details, track, and participants.

Tennis

Table for Men's Tournament (AT) listing participants and tournament details.

Auto Racing

Table for National Leases, San Marino Grand Prix, and other auto racing events.



